



**CITY OF CAMARILLO
POLICY COMMITTEE
AGENDA**

**Friday, October 27, 2017 – 8:30 a.m.
Administrative Conference Room
601 Carmen Drive, Camarillo, CA 93010**

ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, Please contact the City Clerk's office at (805) 388-5316. Notification 48 hours prior to the meeting will enable the City to make reasonable accommodations to ensure your access to this meeting. (28 CFR 3.102.35.104 ADA Title II)

1. Call to Order
2. Approval of Minutes of August 2, 2017
3. Public Comments
4. Policy for Committee Review
 - a. Annual Review of Policy 3.09 – Other Post-Employment Benefits (OPEB) Trust Investment Policy
5. Committee Comments
6. Schedule Next Meeting
7. Adjournment

Written materials related to these agenda items are available for public inspection in the Office of the City Clerk at 601 Carmen Drive, Camarillo during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. Questions may be referred to Tom Fox, Assistant City Manager, at (805) 388-5312.

DISTRIBUTION:

PACKET: <u>Committee Members</u> Jan McDonald Charlotte Craven Dave Norman Tom Fox	Dave Klotzle Jeffrie Madland David Moe Dave Murray Richard Petropulos Roger Pichardo	Brian Pierik/Don Davis Genie Rocha Joe Vacca Counter Copy	AGENDA & MINUTES: City Council AGENDA: Jill Gordon Kathy Talley City Clerk/Posting
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**CITY OF CAMARILLO
POLICY COMMITTEE**

MINUTES

**Wednesday, August 2, 2017 at 8:30 a.m.
Administrative Conference Room**

1. **Call to Order:** Meeting was called to order at 8:30 a.m.

Committee Members Present: Mayor Jan McDonald and Vice Mayor Charlotte Craven.

Staff Present: City Manager Dave Norman, Director of Finance Genie Rocha, Assistant Director of Finance Mark Uribe, Management Analyst Roger Pichardo, Accountant Kristen Madary and Executive Assistant Jill Gordon.

2. **Approval of Minutes of July 20, 2017:** Approved as presented.

3. **Public Comments:** None.

4. **Proposed New Policy: Fixed Asset Capitalization Policy**

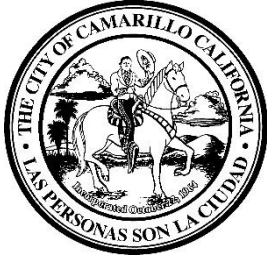
The Committee suggested minor revisions and a title change to Capital Asset Policy.

Recommendation: Forward to City Council on August 23.

5. **Committee Comments:** None.

6. **Schedule Next Meeting:** N/A.

7. **Adjournment:** Meeting was adjourned at 8:40 a.m.



City of Camarillo

FINANCE DEPARTMENT

Date: October 27, 2017
To: Policy Committee
From: Dave Norman, City Manager
Submitted by: Genie Rocha, Director of Finance
Subject: **Other Post-Employment Benefits (OPEB) Investment Policy**

SUMMARY

Pursuant to the City Council Policy, number 3.09, the Policy Committee is required to review the Other Post-Employment Benefit (OPEB) Trust Investment Policy annually.

DISCUSSION

The OPEB policy was originally adopted on July 22, 2009. Section C of the policy states that the policy will be reviewed annually by the Policy Committee and the City Council. At this time, no changes are being suggested.

At the time of adoption, four strategies were deemed suitable for the City's OPEB trust: Conservative, Moderately Conservative, Moderate, and Balanced/Moderately Aggressive. Given the long-term horizon for the investment of trust funds and the rate of return anticipated to meet the OPEB obligation over a 30-year amortization period, the Moderate was determined to be the most appropriate. For Fiscal Year 2016/17, the annualized investment return was 10.7% compared to the benchmark of 9.2%. The anticipated rate of return over the 30-year time horizon is 6.3%. The annualized investment return since inception is 7.6%.

SUGGESTED ACTION

City staff is requesting that the Policy Committee approve the annual review of the OPEB Investment Policy and forward their recommendation to City Council.

ATTACHMENTS

- PARS Trust Performance for FY 2016/17
- Policy 3.09, Other Post-Employment Benefit (OPEB) Trust Investment Policy

PARS Trust Performance Report for Fiscal Year 2016/17 through June 30, 2017



One Year Investment Return = 10.69%
 Three Year Annualized Return = 4.61%
 Five Year Annualized Return = 7.58%

Fiscal Year 2016/17	
Beginning Balance	\$ 3,734,086.94
Contributions	98,469.53
Earnings	398,699.99
Expenses	(21,146.46)
Distributions	(80,466.09)
Ending Balance	<u><u>\$ 4,129,643.91</u></u>

- **Contributions** – The Annual Required Contribution (ARC) is \$101,958 based on 185 active employees and retirees.
- **Earnings** – Invested in 'Moderate' PARS Portfolio
- **Expenses** – Trust Admin. (PARS) and Trustee (US Bank) fees based on contract schedule
- **Distributions** – Quarterly reimbursements to City for retiree health insurance costs based on number of retirees covered for FY 2016/17
- **Funding Status** – Fully funded

From Inception	
Beginning Balance	\$ 1,865,000.00
Contributions	1,181,955.26
Earnings	1,720,035.68
Expenses	(121,528.63)
Distributions	(515,818.40)
Ending Balance	<u><u>\$ 4,129,643.91</u></u>

Sources: Monthly PARS statements
 Actuarial Valuation dated 7/1/16
 Monthly CalPERS Health Ins. statements



EXISTING

City of Camarillo

CITY COUNCIL POLICY

Section: Finance

Date Adopted: July 22, 2009

Last Amended:

Subject: **Other Post-Employment Benefit
(OPEB) Trust Investment Policy**

Number: 3.09

Page 1 of 2

PURPOSE

This policy outlines parameters for the investment of funds within the Other Post-Employment Benefit (OPEB) Plan. This policy is independent of the City's Investment Policy and other funds for which the City provides financial management services. This policy is specific to the OPEB Trust and PARS as the selected Plan Administrator.

POLICY

Full Investment Authority will be delegated to Highmark Capital Management to actively manage the OPEB Plan according to the designated risk tolerance. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth by the Strategic Asset Allocation model. The Plan has selected the Moderate Asset Allocation Strategy. The primary goals of the Moderate Asset Allocation Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of the total return, although growth through capital appreciation is equally important.

Prohibited assets include precious metals, venture capital, short sales, purchase of letter stock, private placements, or direct payments, leveraged transactions, commodities or other option strategies, purchases of real estate, and derivatives.

A. Return Objective

Strategic Ranges under the Moderate Asset Allocation Strategy

- 0 – 20% Cash
- 40 – 60% Fixed Income
- 40 – 60% Equity

B. Reporting

- Monthly – PARS activity statement delivered to staff
- Quarterly – Highmark Capital Management performance statement delivered to staff
- Annually – Highmark Capital Management performance review presented to City Council

- As needed - The portfolio manager shall keep staff apprised of any material changes in Highmark Capital's outlook, recommended investment policy and tactics. The portfolio manager shall also be available on a reasonable basis for telephone communication when needed.

C. Annual Review

The policy will be reviewed annually by the Policy Committee and the City Council.