

Monday, January 17, 2023  
4:00 p.m.  
Audit and Finance Meeting  
NOTES

**Members Present:** James Biteman, Greg Orsini

**Staff Present:** Nicole Alvarado, Pat Kaspari, April Sousa

**Meeting Called to Order at 4:00 p.m.**

### **Public Comment**

- None

### **Establish Section 115 Trust for Other Post-Employment Benefits (OPEB)**

Finance Director Nicole Alvarado reviewed the agenda item and the discussion from December 12, 2022.

- It was noted that 25% of MCSD Workforce will be eligible for retirement within the next 10 years.
- Options and investment strategies were reviewed and discussed.
- The benefits of setting up the Section 115 Trust were reviewed. These included higher returns in the long term, reduced unfunded liabilities and improved financial reporting.
- It was noted that once the money is established within the Section 115 Trust, they become restricted funds.
- Currently, reserves for OPEB are at 43% funded.
- The committee discussed funding strategies. Currently there is \$2.9 million in the reserves. Staff suggested setting up the Section 115 Trust with \$2.5 million and leaving \$400,000 in the current reserves fund.
- Finance committee agreed to the following to be recommended to the Board:
  - 60% funding level target,
  - Initial Transfer of \$2.5 M,
  - Initial contribution of "Pay Go" amount with additional funds to be determined through the budget process annually,
  - To be reviewed annually,
  - Investment Strategy to use – Strategy 3 – more conservative, expected return of 5%, risk 8.4%.
- The committee will review the staff note prior to the February Board meeting, when this item will go to the Board for approval.

**Adjourn – 5:29 p.m.**