



SCLC Audit and Finance Committee
Wednesday, August 11, 2021
12:30 p.m.

Minutes

Approved September 29, 2021

Attendance

Anderson, Susan – Redondo Beach
Garcia, Diana – Monterey Park Bruggemeyer
Schram, Nancy – Ventura County
Graf, Ann – Azusa
Lockwood, Barbara – Calabasas
Shaffer, Gary – Glendale

Other

Bednarski, Diane – SCLC
Dinuzzo, Carol – SCLC
Walker, Wayne – SCLC
Lookingbill, Karen - CalPERS

Meeting began at 12:32pm.

1. Opening Gary Shaffer
 - a. Chairperson's welcome
Chairperson introduces any guests or new members.
 - b. Roll call

2. Public Forum
Opportunity for any guest or member of the public to address the committee on any item of SCLC Audit and Finance Committee business.

No members of the public present.

3. Consent Calendar

All items on the consent calendar may be approved by a single motion. Any committee member may request an item be removed from the consent calendar and placed on the agenda for discussion.

a. Minutes of the July 1, 2021 Audit and Finance Committee meeting.

MSP (Graf/Lockwood) to approve the Minutes from the July 1, 2021 meeting with the amended language of *“Committee members agreed not to pursue Friends group at this time, but instead directed staff to monitor non-profit only grant opportunities in the coming fiscal year and determine how many of these opportunities exist, how many dollars individually and collectively they equate to, and would we have been eligible for opportunities if we had a non-profit support group.”*

4. Adoption of Agenda Gary Shaffer

Chair adopted the agenda, without objection.

5. SCLC Pension Obligations Carol Dinuzzo/Karen Lookingbill

Karen Lookingbill from CalPERS provided a presentation on the CalPERS pension costs considerations for SCLC.

An overview of SCLC’s current CalPERS pension plan summary, including rates of current and projected Unfunded Accrued Liability (UAL) was provided. CalPERS offers multiple tools for optimum results including a July full pre-payment of annual UAL (SCLC’s current process), reamortization of the UAL over a shorter payment timeframe (“Fresh Start”), making Additional Discretionary Payments (ADP) against the UAL, and a Section 115 pension pre-funding trust (CEPPT). Example calculations and projected payment schedules as well as the pros and cons of each option was reviewed. The CEPPT pre-funding trust can be established at any time and without requiring any funds being placed in the account. There is no fee assessed until funds are transferred into the account, at which time an annualized fee of 25 Basis Points (0.25%) is applied to funds under management.

Dinuzzo advised that there is \$1.9M in unrestricted funds in the SCLC LAIF account, that any portion of these funds could be transferred to a CalPERS CEPPT trust account, and that the CEPPT account would most likely yield a better rate of return than the LAIF. It was recommended to take a conservative approach and only transfer a small amount of funds from the LAIF account to a potential CEPPT account in the beginning to see how the account behaves. The first step of the establishment of a CEPPT pre-funding trust account without the transfer of funds was favored by Committee since it would come at no cost.

The committee also expressed interest in the hiring of a consultant to review the SCLC pension liability and provide recommendations.

MSP (Graf/Schram) to make the recommendation to Administrative Council to open a CalPERS CEPPT account and fund with \$100,000 from the LAIF account, for the Audit and Finance Committee to develop a 10-year plan to retire the CalPERS debt and see if a larger payment can be made during the 2nd quarter post fiscal year.

6. Budget Status Report Carol Dinuzzo

Dinuzzo reviewed the budget and grant revenue documents contained in the agenda packet.

As requested in the previous Audit & Finance Committee meeting, a five-year average of grant revenue was introduced into the report to reflect anticipated revenue for the year more clearly. The SCLC Staffing budget item is new as of FY 19/20 when the State Library began offering those expenses to be included in grant applications for fiscal agents.

With the restoration of CLSA funding, the Communications and Delivery and System Administration amounts have been updated with the revised system allocations. Using both the average five-year projection for grants and the updated CLSA funding there is currently over a \$300,000 budget surplus projected for FY 21/22.

The Committee reviewed the new budget detail and layout and agreed it makes sense. Dinuzzo will continue to refine the reporting structure and adjust projected revenue vs actual revenue as the year progresses.

7. Reserve Policy Carol Dinuzzo

At its last meeting, the Audit and Finance Committee requested a copy of the reserve policy to determine how reserves might be invested or reallocated to reduce ongoing pension liabilities. The Committee reviewed and no further action was requested for the policy at this time. The Committee acknowledged a revisit of the policy may be needed as a result of further discussions to address pension liability.

8. Revised Meeting Schedule Diane Bednarski

Bednarski presented a revised meeting schedule for the remainder of FY 21/22 to address previously identified scheduling conflicts. MSP (Graf/Garcia) to approve a revised FY 21/22 meeting schedule as follows:

Wednesday September 29, 2021 (3:30 – 4:30pm)

Wednesday February 2, 2022 (3:30 – 4:30pm)

Wednesday April 6, 2022 (3:30 – 4:30pm)

9. Other Gary Shaffer

No other topics addressed.

10. Adjournment Gary Shaffer

Meeting adjourned at 2:10 p.m.

Respectfully submitted by Lori Graver on October 1, 2021.