

**FINANCE COMMITTEE MEETING  
SUMMARY MINUTES  
May 21, 2019  
3:00 P.M.**

**ATTENDANCE**

Directors: John Weed (Chair), Paul Sethy



Staff: Robert Shaver, Jonathan Wunderlich, Mariana Grajeda, Sydney Oam, and Katie Roberts

**DISCUSSION TOPICS**

1. Quarterly Claims Report: Katie Roberts, Workplace Health and Safety Officer, provided the quarterly update on the status of claims. As of March 31, 2019, there were seven outstanding claims handled by the insurance company totaling \$20,624. There were three closed small claims handled in-house by District staff totaling \$12,120. In addition, three outside parties owed the District a total of \$25,960. Ms. Roberts responded to questions from the Committee.
2. Investment Policy: Mariana Grajeda, Accounting & Treasury Manager, reviewed the Statement of Investment Policy (Investment Policy), which specifies the types of investments permitted and identifies investment objectives and reporting requirements. The Investment Policy is reviewed by the Board of Directors on an annual basis and was last reviewed June 2018. Staff has reviewed the policy and proposed two minor changes as follows: 1) Change the effective date to “Effective June 13, 2019”, and 2) change the wording under the Delegation of Authority section, for clarification, from “a one-year period” to “the following Fiscal Year.” The Investment Policy is scheduled to be reviewed at the June 13, 2019 Board of Directors meeting. Ms. Grajeda responded to questions from the Committee.
3. Investment Management Approach: Ms. Grajeda reviewed the investment management approach and stated that there are three avenues for the District to invest its funds – PFM, Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP). The District decides where to invest funds and the primary investment objectives are safety, liquidity, and yield. Ms. Grajeda provided the Pooled Investment Comparison and Historical Distribution Yields between LAIF and CAMP. The Historical Distribution Yields chart shows that CAMP has higher yields than LAIF for 2017, 2018, and 2019, but LAIF was higher in 2015 and 2016. LAIF is not rated because it consists primarily of short-term U.S. Treasury Notes, and CAMP is rated AAAM by Standard & Poor’s (S&P). Ms. Grajeda responded to questions from the Committee.
4. Reserve Fund Policy: Sydney Oam, Supervising Financial Analyst, reviewed the Statement of Reserve Fund Policy (Reserve Fund Policy), which establishes the District’s various reserves, funding targets, and usage authorizations. The Reserve Fund Policy is reviewed by the Board of Directors on an annual basis in conjunction with the District’s two-year budget adoption or midcycle budget update. Proposed changes to reserve funds include updating the Debt Service Reserve to reflect the reserve level requirement as stated in the 2009 Bond

Covenants and removing specific dollar amounts for the Operations and Maintenance (O&M) Reserve, Capital Reserve, and Rate Stabilization Reserve. No changes are proposed to the Emergency Reserve, Management Retirement Bonus Reserve, Facilities Improvement Fund Reserve, or Installer's Reimbursement Fund Reserve. The Reserve Fund Policy is scheduled to be reviewed at the June 13, 2019 Board of Directors meeting. Mr. Oam responded to questions from the Committee.

5. Income & Budget Statements: Ms. Grajeda reviewed the income statement through April 2019. The water sales were higher by \$3,399,000 due primarily to the 5% water rate increase enacted in March 2018. Water purchases were lower by \$1,791,000 than April 2018, but the District expects to expend the full budgeted amount by the end of the fiscal year. The overall net position of the District has improved by \$10,842,000 more than compared to financial results through the same period last fiscal year. Mr. Oam reviewed the budget statement and reserve funds through April 2019. Water revenue is at \$92,132,000 or 83.4% of budget. The Facilities Connection Charge revenue exceeds the pro-rated budgeted amount due to healthy development activity in the service area. Total revenues are at 88.0% of budget and the total operating expenses and capital expenditures are at 73.4% of budget. The District continues to maintain reserves above policy targets. Both Ms. Grajeda and Mr. Oam responded to questions from the Committee.
6. Public Comments: There were no public comments.

#### **RECOMMENDATIONS**

Topics discussed by the Committee were informational only, and no recommendations are being made.