

**FINANCE COMMITTEE MEETING
SUMMARY MINUTES
June 16, 2020
3:30 P.M.**

ATTENDANCE

Directors: John Weed (Chair), Aziz Akbari

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Staff: Robert Shaver, Jonathan Wunderlich, Mariana Grajeda, Sydney Oam, Roseann Marquez

The monthly Finance Committee Meeting was held on June 16, 2020 at 3:30 PM. Due to COVID-19 and in accordance with Governor Newsom's Executive Order N-25-20 which suspends portions of the Brown Act, this meeting was conducted by Zoom Webinar and Teleconference and members of the public were invited to participate.

DISCUSSION TOPICS

1. Investment Policy Review: Mariana Grajeda, Accounting and Treasury Manager, reviewed the Statement of Investment Policy (Investment Policy) and staff determined that no changes are needed for the new fiscal year. In 2019, with the assistance of the District's investment advisor, staff did an extensive review of the investment policy and incorporated some key changes, such as adding new investment instruments to a pool of authorized investments that include asset-backed securities and allowing for the purchase of certain securities with maturities up to ten years. The policy provides that the investment policy is presented to the Board for consideration on an annual basis and that the policy shall remain in effect until a new or amended policy is approved by the Board. Ms. Grajeda responded to questions from the Committee.
2. CalPERS Pension Outlook Tool: Ms. Grajeda reviewed the Pension Outlook Tool that provides projections such as the accrued liabilities, plan assets, contributions, investment income, and payments needed to fully fund the pension plan based on selected assumptions. The tool allows users the option to create funding scenarios by adjusting some key components such as investment return, discount rate, and additional payments. The tool is available to all CalPERS member employers. The baseline information used in the tool is taken from CalPERS' most recent valuation report which is based on the information as of June 30, 2018. Although the tool can provide useful information, it is not intended to take the place of consultation with the District's actuary to determine any future changes to the annual contributions. Ms. Grajeda responded to questions from the Committee.
3. Income & Budget Statements: Ms. Grajeda reviewed the income statement through May 2020. Revenue from water sales was up by \$5,601,000 compared to prior year-to-date actuals through May 2019, primarily due to the full year impact of the 4% rate increase effective March 1, 2019, 4% rate increase effective March 1, 2020, and an increase in water consumption during the fiscal year. Water purchases were higher by \$3,891,000 mainly due to minimum transportation true-up applied in calendar year 2019 for State Water Project water and an increase in San Francisco Water purchases compared to the same point in the prior fiscal year.

Overall, the District's net position has increased by \$31,289,000 this fiscal year through May 2020. Sydney Oam, Supervising Financial Analyst, reviewed the budget statement and reserve funds through May 2020. The budget report reflected that the District collected 94.0% of budgeted revenue and spent 78.1% of budgeted expenses. Water revenues were at \$104,261,000 or 93.3% of budget. The total Facilities Connection Charges revenues were at \$10,726,000 or 215.5% of budget due to higher than normal development activity in the service area prior to the COVID-19 pandemic. The District continues to maintain reserve levels compliant with Board policy targets. Ms. Grajeda and Mr. Oam responded to questions from the Committee.

4. Debt Policy Review: Mr. Oam reviewed the proposed revisions to the Debt Management and Disclosure Policy (Debt Policy). The policy calls for an annual review of the provisions of the debt policy by the Board. Staff has conducted a review and identified one addition, along with various revisions to clarify language in the policy. The addition is to clarify that the debt policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029) that requires debt issuers to adopt debt policies that address each of the five items – the purposes of debt, types of debt, relationship of debt to the capital improvement program, policy goals, and internal control procedures – all of which are addressed within the District's debt policy. Mr. Oam responded to questions from the Committee.
5. Public Comments: There were no public comments.

RECOMMENDATIONS

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