

**FINANCE COMMITTEE MEETING**  
**SUMMARY MINUTES**  
**June 18, 2019**  
**3:00 P.M.**

**ATTENDANCE**

Directors: John Weed (Chair), Paul Sethy

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



**DISCUSSION TOPICS**

1. Debt Management and Disclosure Policy: Sydney Oam, Supervising Financial Analyst, reviewed the proposed revisions to the Debt Management and Disclosure Policy (Debt Policy). The Debt Policy calls for an annual review of the provisions of the policy by the Board. Staff has conducted a review and identified two recommended additions to the policy. The first addition is that the District will evaluate whether or not to capitalize interest during the construction period of a project on a case-by-case basis (i.e. defer interest payments until the project is complete). The second addition is to confirm that the District's existing bond covenants require a debt service coverage ratio of 1.25 and it is the intent of the District to maintain the debt service coverage ratio of 2.0 or higher. Mr. Oam responded to questions from the Committee.
2. Income & Budget Statements: Mariana Grajeda, Accounting & Treasury Manager, reviewed the income statement through May 2019. Water sales were higher by \$3,463,000 due primarily to the 5% water rate increase enacted in March 2018. Water purchase costs overall were lower by \$1,341,000 due to a decrease in water purchases from the San Francisco Public Utility Commission and the State Water Project. The overall net position of the District improved by \$10,452,000 compared to financial results through May 2018. Mr. Oam reviewed the budget statement and reserve funds through May 2019. The budget report reflected that the District collected 94.8% of budgeted revenue and spent 80.0% of budgeted expenses. Water revenues were at \$99,482,000 or 90.0% of budget. The Facilities Connection Charges revenue exceeds the budgeted amount due to the increase in development activity in the service area. The District continues to maintain reserve levels compliant with policy targets. Both Ms. Grajeda and Mr. Oam responded to questions from the Committee.
3. Review Excess Earthquake and Flood Insurance Options: Robert Shaver, General Manager, indicated that staff had been working on gathering additional information on the insurance coverage as requested by the Board. The Committee requested that staff obtain earthquake and flood insurance coverage quotes for different options, including Pooled Difference-in-Condition (DIC), Stand-Alone DIC, and Business Interruption (BI). Katie Roberts, Workplace Health and Safety Officer, explained that the BI insurance by itself does not cover earthquake if an agency does not have earthquake insurance. Staff will evaluate the insurance options and District's needs and will return to the full Board with a recommendation. Ms. Roberts responded to questions from the Committee.

4. Public Comments: There were no public comments.

**RECOMMENDATIONS**

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