

**FINANCE COMMITTEE MEETING
SUMMARY MINUTES
August 18, 2020
3:30 P.M.**

ATTENDANCE

Directors: John Weed (Chair), Aziz Akbari 
Staff: Robert Shaver, Jonathan Wunderlich, Mariana Grajeda, Sydney Oam, Ethan Burch
Consultant: Carlos Oblites – Chandler Asset Management

The monthly Finance Committee Meeting was held on August 18, 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. Help on Tap Program Update: Ethan Burch, Administrative Analyst II, reviewed an update on the District’s low-income rate assistance program – Help on Tap. On February 13, 2020, the Board approved an update to the Help on Tap program that established higher income levels appropriate for the Bay Area and is more targeted towards District customers. The program enhancement contributed to an immediate increase in the number of applications received and approved. In the last year, 314 customers of the District have been approved for the Help on Tap program, with current total of 987 customers enrolled and receiving a bi-monthly credit of \$25. The COVID-19 pandemic has led to a larger-than-usual, but modest, percentage of customers applying, citing recent job losses. Staff has paused normal procedures that involve removing customers whose eligibility has expired during the pandemic. Regular program outreach has continued as normal through various methods and venues. The Finance Committee requested that staff bring this item for discussion at a future Board Meeting with potential options for enhancing the program in light of the economic struggles customers may be facing during the COVID-19 pandemic. Mr. Burch responded to questions from the Committee.

2. Draft Fiscal Year 2019/20 Income Statement: Mariana Grajeda, Accounting and Treasury Manager, reviewed the draft income statement for Fiscal Year Ended June 30, 2020. The final report will be brought to the Finance Committee in October 2020. Water sales increased by \$4,334,000 compared to the prior fiscal year primarily due to the 4% rate increases. Water purchases were higher by \$2,302,000 mainly due to minimum transportation charge true-up applied in calendar year 2019 for State Water Project costs. Investment income increased by \$1,604,000 and property tax revenues increased by \$2,211,000. Overall, the District’s net position increased by \$56,410,000 for the fiscal year ended June 30, 2020 due to a combination of investment in capital assets, paydown of long-term liabilities for pension and other post-employment benefits, debt service payments on bonded debt, and increases in cash on hand (both developer fee funds and general funds). Ms. Grajeda responded to questions from the Committee.

3. Fiscal Year 2019/20 Investment Portfolio Report: Carlos Oblites, the District's investment advisor from Chandler Asset Management, reviewed the District's fiscal year-end investment portfolio for the period ending June 30, 2020. Mr. Oblites provided a brief economic update that includes information on the stock markets, bond yields, unemployment, inflation, gross domestic product data, and federal fiscal stimulus data. He then provided an update on activities and performance in the District's investment portfolio over the past year. Chandler Asset Management worked closely with District staff in developing and implementing an investment strategy, policy, and management. The updated investment policy has been designed to improve risk oversight, allow for longer-duration strategies, and enhance diversification and return, which includes expanding the maturity limit to longer than five years and increasing diversification through the introduction of Asset-Backed Securities and Supranationals. The average modified duration for the portfolio is at 2.56 years compared to 2.35 years previously. Since October 31, 2019, the District's portfolio has earned \$2.2 million in interest and appreciated by \$4.7 million in value, with a total rate of return of 4.15% (an annualized average return of 6.3%). Mr. Oblites responded to questions from the Committee.
4. Budget Statement: Sydney Oam, Supervising Financial Analyst, reviewed the budget statement and reserve funds through July 2020. The budget report reflected that the District collected 8.7% of budgeted revenue and spent 16.3% of budgeted expenses. Water revenues were at \$10,763,000 or 9.0% of budget. The total Facilities Connection Charges revenues were at \$2,349,000 or 46.1% of budget due to higher than normal development activity in the service area that has continued thus far despite the COVID-19 pandemic. District cash balances for the General Fund decreased primarily due to prepayments and advanced funding for pension and retiree health care benefits made in July. The District continues to maintain reserve levels compliant with Board policy targets. 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.