

**MINUTES OF A REGULAR MEETING
OF THE FINANCE COMMITTEE
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

May 3, 2019

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Friday, May 3, 2019, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 9:05 a.m. In attendance were Edmind K. Sprague, Board President and Division 5 Director; Lawrence A. Watt, Treasurer and Division 2 Director; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Sprague and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 13, 2019 SPECIAL FINANCE COMMITTEE MEETING

Director Sprague moved to approve the March 13, 2019 meeting minutes, seconded by Director Watt and carried unanimously.

6. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q1 2019)

Finance Manager Selamat reviewed the investment report as of March 31, 2019 with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the current yield is higher than last quarter and that all investments are in compliance with the investment policy. The higher yields, upcoming investment maturities, the District's investment advisors, and the differences between market value, book value, and the face value of the District's investment holdings were discussed. Finance Manager Selamat reported that the District has sufficient funds to

meet its financial obligations for the next 120 days.

7. REVIEW AND DISCUSS STAFF PROPOSED FISCAL YEAR 2019/2020 OPERATING AND CAPITAL BUDGET

Finance Manager Selamat discussed revenue and expenditure assumptions used in the General Manager's proposed fiscal year 2019/20 operating budget presentation. Projected increases in costs were discussed, which included wholesale water, recycled water, and labor and benefits. Finance Manger Selamat mentioned that the increase in labor costs is based on the updated labor Memorandum of Understanding (MOU) between the District and the Bargaining Unit Members Association and an increase in the District's CalPERS pension costs to reduce the District's Unfunded Liability due to changes in CalPERS actuarial assumptions. Budget variances from the prior year were also reviewed and discussed.

Finance Manager Selamat presented the fiscal year 2019/20 Capital Budget to the committee. Planned Capital Improvement Projects and Annual Capital Item and Equipment Purchases were discussed.

Finance Manager Selamat gave an overview of the five-year projections of the operating, capital improvement, and rate stabilization reserve fund balances for potable water, recycled water, and wastewater (sewer). Finance Manager Selamat reported that all reserve funds are projected to be within Board Reserves Policy minimum and maximum limits over the next five years.

General Manager Thorner presented uncertainties that affect the District's budget. These uncertainties include state mandates, increases in purchased water wholesale costs, and increases in costs on submitted project bids due to the strong construction market.

Director Sprague recommended that Staff should change the wording of "fund balances" on the District's presentation to the Board to read "reserve fund balances".

The Committee approved the General Manager's Proposed Operating and Capital Budget for Fiscal Year 2019/20.

8. CONSIDER FUTURE AGENDA ITEMS

The committee discussed dates for future finance committee meetings, including the rate options workshop, which will be scheduled for July 11th.

9. ADJOURNMENT

The meeting was adjourned at 11:52 a.m.