

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

**June 5, 2019**

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Wednesday, June 5, 2019, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 11:10 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; Jared Graffam, Financial Analyst; and Hannah Phan, Project Manager at Raftelis Financial Consultants.

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 MAY 3, 2019 REGULAR FINANCE COMMITTEE MEETING

Director Sprague moved to approve the May 3, 2019 meeting minutes, seconded by Director Watt and carried unanimously.

6. 2019 WATER COST OF SERVICE STUDY – FINANCIAL PLAN WORKSHOP

Hannah Phan from Raftelis presented the District's proposed 5- year financial plan and provided an overview of the District's financial plan assumptions which included escalation factors, San Diego County Water Authority rate increases, interest earnings, account growth, and terms of future revenue bond debt. Ms. Phan provided an overview of the District's current reserve policies and added that the proposed 5-year

plan is designed to adhere to the District's current reserve policies.

Ms. Phan presented two financial plan scenarios, which included a low rate forecast scenario and a high rate forecast scenario. Projected water usage, operating and maintenance expenses, and planned capital improvement projects and funding sources, debt coverage, and fund balances under both forecasts were presented and discussed. Ms. Phan added that Raftelis is proposing that the District select the low rate projection scenario, which would result in a potential average water rate increase of 5% over the next five years.

Finance Manager Selamat shared that the proposed 5-year Financial Plan will be presented at the June Board meeting for Board approval so that Raftelis can move forward with the second portion of the cost of service study. General Manager Thorner added that in a subsequent meeting with Raftelis, allocations between fixed and variable charges will be discussed.

Director Watt recommended that Staff should add the wording of "low rate" and "high rate" to the slides of the District's presentation to the Board.

Director Sprague asked the committee if the District could use rate stabilization funds under the low rate forecast scenario in the future if needed, rather than raising rates further. Finance Manager Selamat stated that the District could use rate stabilization funds if needed and General Manager Thorner added that the rate stabilization fund is conservatively funded.

Director Sprague and Director Watt agreed to move forward with presenting the Financial Plan at the June board meeting.

7. CONSIDER FUTURE AGENDA ITEMS

The Committee discussed the potential refunding and refinancing of the District's 96-1 Reassessment District bonds, which would have to be completed by next call date, September 2, 2019. More information would be presented at a future finance committee meeting.

8. ADJOURNMENT

The meeting was adjourned at 12:01 p.m.