

**NOTICE OF A REGULAR MEETING
OF THE OLIVENHAIN MUNICIPAL WATER
DISTRICT'S FINANCE COMMITTEE
1966 Olivenhain Road, Encinitas, CA 92024
Tel: (760) 753-6466 • Fax: (760) 753-1578**

Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.

DATE: WEDNESDAY, MAY 2, 2018

TIME: 3:00 P.M.

PLACE: DISTRICT OFFICE

Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS
5. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 20, 2018 REGULAR FINANCE COMMITTEE MEETING
6. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q1 2018)
7. REVIEW AND DISCUSS STAFF PROPOSED FISCAL YEAR 2018-2019 OPERATING AND CAPITAL BUDGET
8. OTHER BUSINESS: REPORT FROM THE GENERAL MANAGER

9. CONSIDER FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

March 20, 2018

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, March 20, 2018, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 3:37 p.m. In attendance were Edmund K. Sprague, Treasurer and Division 5 Director; Gerald E. Varty, Board Secretary and Division 4 Director; Rainy Selamat, Finance Manager; and Kimberly Thorner, General Manager.

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 5, 2018 REGULAR FINANCE COMMITTEE MEETING

Finance Manager Selamat moved to approve the February 5, 2018, regular meeting minutes, seconded by Director Varty and carried unanimously.

6. REVIEW AND DISCUSS RESOLUTION OF INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS TO PAY FOR BUILDING D PROJECT COSTS

Finance Manager Selamat began by stating that this resolution does not obligate the board to issue any bonds. This resolution, however, only allows tax-exempt bonds to be issued by the Board. This resolution puts in place a “just in case” housekeeping item for cost recovery.

Finance Manager Selamat also reported to the committee that she has begun working with California Bank & Trust (CB&T) on a direct financing deal for the District. The District has a good working relationship with CB&T. If the District would pursue a public

debt offering for a small bond issuance, there would be significant debt issue costs. Direct financing will have fewer issue costs.

Finance Manager Selamat said the District will be pledging sewer revenue for the proposed new debt to construct improvements to the District's headquarters.

General Manager Thorner said the committee needed to vote on taking this resolution to the Board in April. Director Varty moved to approve taking the resolution to the Board, seconded by Director Sprague and carried unanimously.

7. CONSIDER FUTURE AGENDA ITEMS

On Wednesday, May 2, 2018, the committee will review and consider the 2018/19 operating and capital budget.

8. ADJOURNMENT

The meeting was adjourned at 4:05 p.m.

Memo

Date: May 2, 2018
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: QUARTERLY INVESTMENT AND CASH POSITION REPORTS (INFORMATION ONLY)

Purpose

The purpose of this agenda is to provide first quarter (Q1) 2018 investment and cash information to the Finance Committee per the District's Investment Policy.

Recommendation

It is recommended that the Committee review and receive the attached report as presented.

Background

The attached reports are presented to provide information to the Finance Committee as required by the District's Annual Investment Policy, which was adopted by the Board at the December 2017 board meeting.

The purpose of the District's Investment Policy is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of the policy is to enhance the economic position of the District while protecting its funds. These policies have been followed in making all investment decisions on behalf of the District.

The Annual Investment Policy also states that at least once each quarter, the District's Finance Manager shall provide an oral report on the District's investments and cash position to the Finance Committee for review and discussion.

Discussion

As of March 31, 2018, all investments are in compliance with the Board's Investment Policy. Staff will be available during the meeting to answer any questions that the Committee may have on the attached report.

Attachment: Monthly Cash and Investment Summary as of March 31, 2018 (Draft)

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of March 31, 2018

<u>Active Deposits</u>	<u>Book Value</u>
Checking Accounts	\$ 5,488,135
Cash Restricted for Specific Use	368,448
Petty Cash/Disaster Preparedness	1,466
Total Active Deposits	\$ 5,858,049

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	5,463,635
-------------------------	-----------

<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	<u>Book Value</u>
LAIF	\$ 10,214,374	10,214,374	1.524%	\$ 10,214,374
CAMP	16,621,401	16,621,401	1.620%	16,621,401
Money Market Funds	54,396	54,396	0.010%	54,396
Commercial Paper	2,000,000	1,996,950	1.465%	1,982,337
Municipal Bonds	3,047,227	3,027,508	2.274%	3,097,278
U.S. Treasury Securities	6,000,000	5,948,110	1.094%	5,945,291
U.S. Agency Securities	28,864,286	28,517,978	1.355%	28,863,486
Total Investments	\$ 66,801,683	\$ 66,380,716	1.468%	\$ 66,778,562

Total - All Deposits/Investments	\$ 78,100,246
---	----------------------

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	40%	\$ 26,890,171
Maturity within the next two months	4%	2,338,476
Maturity within three months and one year	19%	12,460,575
Maturity in one year and beyond	38%	25,089,341
Total Investments	100%	\$ 66,778,562

Weighted Average Days to Maturity **339**

Other Required Disclosures:

Accrued interest receivable as of 03/31/2018 \$ 165,174

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2017.

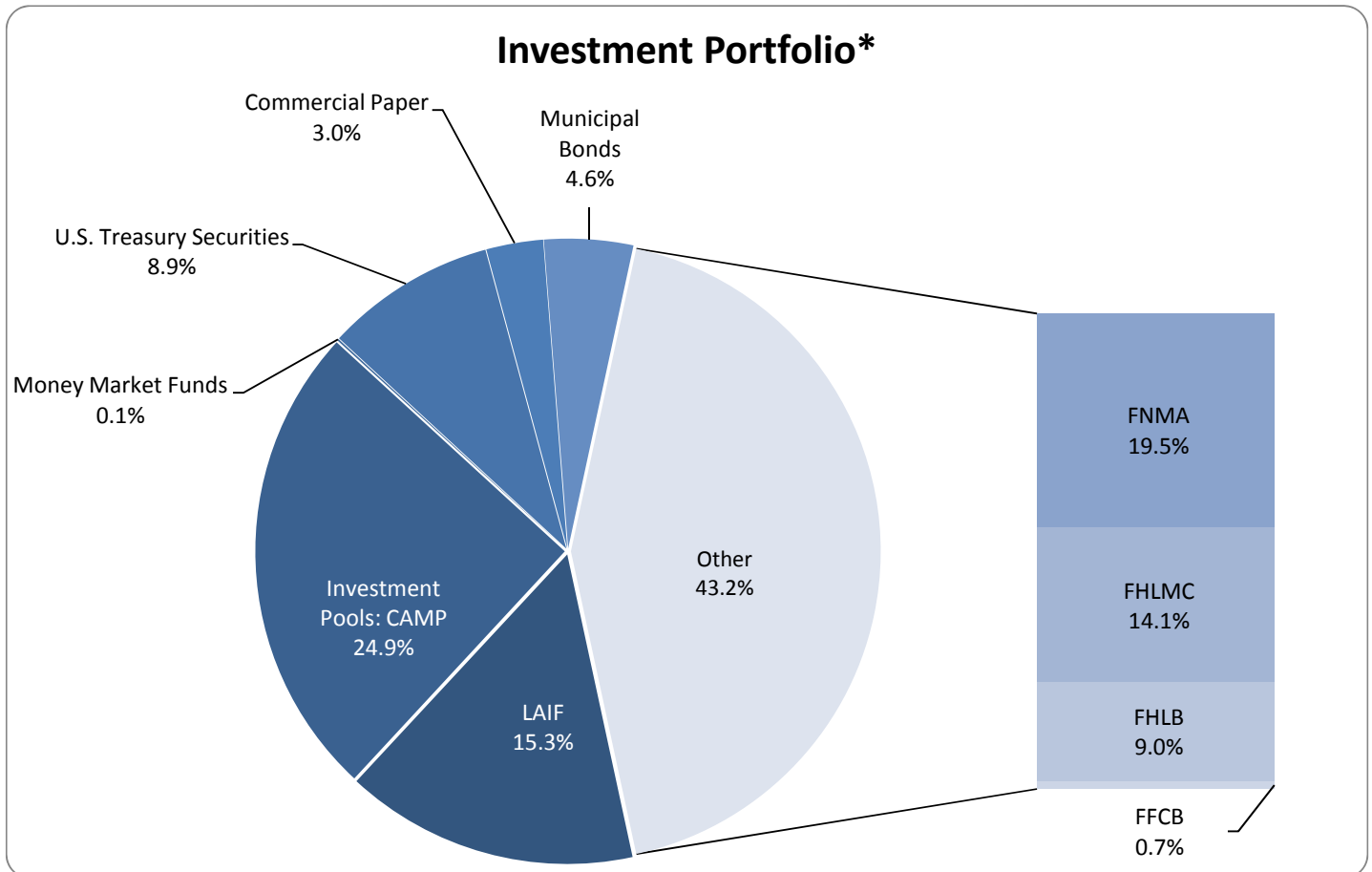
The District has sufficient funds on hand to meet the next 30 days' obligations.

**Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
March 31, 2018**

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 10,214,374	15.3%	30% (1)	Yes
Investment Pools: CAMP	16,621,401	24.9%	30%	Yes
Money Market Funds	54,396	0.1%	20% (2)	Yes
U.S. Treasury Securities	5,945,291	8.9%	100% (3)	Yes
U.S. Agency Securities	28,863,486	43.2%	50%	Yes
Commercial Paper	1,982,337	3.0%	20% (4)	Yes
Municipal Bonds	3,097,278	4.6%	30%	Yes
Total Investments	\$ 66,778,562	100%		

Note:

- (1) No more than 30% of the total value of all District Investments or \$20 million.
- (2) May not exceed 5% in any money market fund.
- (3) No limit
- (4) No more than \$1 million per issuer



* Total may not add up to 100% due to rounding.

**Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
March 31, 2018**

ACTIVE DEPOSIT

	Book Value
Checking A/C California Bank and Trust for General Purpose	5,488,134.69
California Bank and Trust for Specific Purpose	368,447.97
Petty Cash/Disaster Preparedness	1,466.33
Total - Active Deposits	5,858,048.99

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - AD 96-1 Refi Bonds Funds	2,300,187.60
Union Bank - 2015A Refunding Funds	2,012,033.48
SRF Loan	334,865.33
Union Bank - 2016A Refunding Funds	816,548.18

Total Deposits Not Covered by Investment Policy

5,463,634.59

	RATING		DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U							

INVESTMENTS

Invest. Pools: Calif. Asset Mgmt Prgm (CAMP)													
State Local Agency Investment Fund (LAIF)													
JP Morgan US Gov't Money Market Fund Premier Class SHS													

U.S. Treasury Notes/Bills

912833KS8	U.S. Treasury Strips	--	--	01/09/18	08/15/18								
912828L81	U.S. Treasury Notes	Aaa	AA+	11/03/15	10/15/18	138		0.000%	0.962%	\$ 1,986,540	\$ 2,000,000	\$ 1,980,940	
912833KT6	U.S. Treasury Strips	--	--	01/23/18	11/15/18	199		0.875%	0.879%	\$ 1,988,200	\$ 2,000,000	\$ 1,991,250	
912828V31	U.S. Treasury Notes	Aaa	--	01/23/18	01/15/20	230		0.000%	1.495%	\$ 988,990	\$ 1,000,000	\$ 985,270	
						656		1.375%	1.392%	\$ 984,380	\$ 1,000,000	\$ 987,831	
						260		1.084%	1.094%	\$ 5,948,110	\$ 6,000,000	\$ 5,945,291	

U.S. Agency Securities

313383HB0	FHLB	Aaa	AA+	06/26/13	06/26/18	88		1.250%	1.250%	\$ 998,670	\$ 1,000,000	\$ 1,000,000		
3136G3XC4	FNMA Callable	Aaa	AA+	07/27/16	07/27/18	119		0.800%	0.801%	996,570	1,000,000	999,000		
3134GAJS4	FHLMC Step-Up Callable	Aaa	AA+	09/28/16	09/28/18	06/28/18	06/28/18	182	90	1.500%	1.500%	998,990	1,000,000	1,000,000
3130A9NH0	FHLB Callable	Aaa	AA+	10/11/16	10/11/18	195		1.000%	1.000%	1,989,540	2,000,000	2,000,000		
3135G0J46	FNMA Callable	Aaa	AA+	02/26/16	02/26/19	05/26/18	333	57	1.250%	1.250%	1,982,880	2,000,000	2,000,000	
3135G0L76	FNMA Callable	Aaa	AA+	07/11/16	07/11/19	04/11/18	468	12	1.075%	1.075%	1,971,700	2,000,000	2,000,000	
3134GAH64	FHLMC NTS	Aaa	AA+	01/26/17	07/26/19	04/26/18	483	27	1.500%	1.500%	396,304	400,000	400,000	
3130ABSP2	FHLB Callable	Aaa	AA+	07/26/17	07/26/19	07/26/18	483	118	1.500%	1.500%	990,250	1,000,000	1,000,000	
3134GAJX3	FHLMC Step-Up Callable	Aaa	AA+	09/27/16	09/27/19	06/27/18	09/27/18	546	89	1.500%	1.500%	996,190	1,000,000	1,000,000
3136G4DR1	FNMA Callable	Aaa	AA+	10/17/16	10/17/19		566		1.100%	1.101%	981,830	1,000,000	999,000	
3135G0J95	FNMA Callable	Aaa	AA+	04/28/16	10/28/19	04/28/18	577	29	1.350%	1.350%	985,810	1,000,000	1,000,000	
3136G4GE7	FNMA Callable	Aaa	AA+	11/15/16	11/15/19		595		1.125%	1.126%	1,963,540	2,000,000	1,998,200	
3134GBQV7	FHLMC Callable	Aaa	AA+	05/30/17	11/22/19	05/22/18	602	53	1.500%	1.500%	985,530	1,000,000	1,000,000	
3136G3A96	FNMA Callable	Aaa	AA+	07/27/16	01/27/20		668		1.125%	1.125%	1,958,460	2,000,000	2,000,000	
3136G3V85	FNMA Callable	--	AA+	08/24/16	02/24/20		696		1.250%	1.250%	980,250	1,000,000	1,000,000	
3136G4KB8	FNMA Callable	Aaa	AA+	12/30/16	03/30/20	06/30/18	731	92	1.650%	1.650%	986,530	1,000,000	1,000,000	
3130A52Q1	FFCB Callable	Aaa	AA+	04/28/15	04/28/20	anytime	760	1	1.700%	1.700%	457,314	464,286	464,286	
3134GBKM3	FHLMC MTN Step-Up	Aaa	AA+	05/11/17	05/11/20	05/11/18	05/11/18	773	42	1.250%	1.250%	993,590	1,000,000	1,000,000
3134G9ZN0	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/20	06/30/18	06/30/18	823	92	1.250%	1.249%	986,360	1,000,000	1,001,000
3130ACTX2	FHLB Callable	Aaa	AA+	11/27/17	11/27/20		973		2.000%	2.000%	987,170	1,000,000	1,000,000	
3134GBTA0	FHLMC Step-Up Callable	Aaa	AA+	06/22/17	12/22/20	06/22/18	06/22/18	998	84	1.600%	1.600%	993,760	1,000,000	1,000,000
3134G9UN5	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/21	06/30/18	12/30/18	1,188	92	1.300%	1.297%	980,900	1,000,000	1,002,000
3130ADJ45	FHLB Callable	Aaa	AA+	01/30/18	07/30/21	01/30/19		1,218	306	2.375%	2.375%	994,620	1,000,000	1,000,000
3134G92L0	FHLMC Step-Up Callable	Aaa	AA+	08/17/16	08/17/21	05/17/18	08/17/19	1,236	48	1.400%	1.400%	961,890	1,000,000	1,000,000
3134GSEV3	FHLMC Callable	Aaa	AA+	03/28/18	03/28/23	09/28/18		1,824	182	2.000%	2.000%	999,330	1,000,000	1,000,000
						647	82	1.355%	1.355%	\$ 28,517,978	\$ 28,864,286	\$ 28,863,486		

Commercial Paper

46640QD57	JP MORGAN SECS DC/P	P-1	A-1	08/10/17	04/05/18	6		1.443%	1.439%	\$ 999,850	\$ 1,000,000	\$ 990,678
36164KEN7	GE CAPITAL TREAS DC/P	P-1	A-1	10/24/17	05/22/18	53		1.462%	1.452%	997,100	1,000,000	991,658
						30		1.453%	1.465%	\$ 1,996,950	\$ 2,000,000	\$ 1,982,337

Municipal Bonds

83466GG8	SOMERSET CNTY NJ REV	AAA	AAA	06/23/17	05/15/18	46		3.320%	3.263%	350,361	350,000	356,139
882806EL2	TEXAS TECH UNIV REVS	AA1	AA+	01/12/17	02/15/19	322		1.804%	1.789%	497,745	500,000	504,115
95648XBJ3	WEST VA ECON REV	A1	AAA	01/12/17	07/01/19	458		1.700%	1.698%	450,646	455,000	455,592
675371AW8	OCEANSIDE CA PEN REV	-	AA	10/16/17	08/15/20	869		3.270%	3.165%	253,493	250,000	258,313
13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21	1,128		1.713%	1.733%	480,344	492,227	486,660
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21	1,142		2.544%	2.455%	\$ 994,920	\$ 1,000,000	\$ 1,036,460
						757		2.311%	2.274%	\$ 3,027,508	\$ 3,047,227	\$ 3,097,278
Total Investments						339		1.468%	1.468%	\$ 66,380,716	\$ 66,801,683	\$ 66,778,562

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 78,100,246

**Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
March 31, 2018**

PURCHASED

DATE				Investment Description	Stated Coupon	Current Yield	Face Value	Book Value
Purchase	Maturity	Call	Step-Up					
03/28/18	03/28/23	09/28/18		FHLMC Callable	2.000%	2.000%	1,000,000	1,000,000

MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated Coupon	Current Yield	Face Value	Book Value
Redemption	Maturity	Call	Step-Up					

No transactions recorded

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of March 31, 2018

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	\$ 1,466.33
10030-100	Cash - Capital and Equipment Fund	18,705,619
10010-100	Cash - Operating Fund	11,647,500
10060-100	Cash - Deposit Work for Other	157,181
10040-100	Cash - Rate Stabilization	7,671,468
10010-120	Cash - Recycled Fund	6,748,537
10030-120	Cash - Capital Replacement Fund	3,427,364
14005-100	Cash - IRWMP - Grant	129,164
Total Water Funds (Potable & Recycled)		\$ 48,488,298
<u>Wastewater Funds</u>		
10010-110	4S Ranch Sanitation District - Operating Fund	1,703,028
10030-110	4S Ranch Sanitation District - Capital Replacement Fund	10,069,753
10040-110	Wastewater - Rate Stabilization Fund	2,482,472
10010-111	Rancho Cielo Sanitation District - Operating Fund	263,689
Total Wastewater Funds		\$ 14,518,942
<u>Capacity Fee Funds</u>		
10030-400	Expansion Fund - Recycled Water	1,298,920
14000-500	Capacity Fee Fund - Treated Water	7,962,004
Total Capacity Fee Funds		\$ 9,260,924
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	354,685
14020-561	Cash non-agent - Bond 2015A	2,333
14020-581	Cash non-agent - Bond 2016A	11,430
Total Non Fiscal Agent Debt Service Cash		\$ 368,448
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	334,865
14100-570	Redemption fund - RAD 96-1	858,859
14110-570	Reserve fund - RAD 96-1	1,431,560
14120-570	Prepayment fund - RAD 96-1	9,769
14100-561	Redemption fund - Bond 2015A	2,012,033
14100-581	Redemption fund - Bond 2016A	816,548
Total Debt Service Funds		\$ 5,463,635
TOTAL FUND BALANCES		\$ 78,100,246

Memo

Date: May 2, 2018
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **REVIEW AND DISCUSS GENERAL MANAGER'S RECOMMENDED FISCAL YEAR
2018-2019 OPERATING AND CAPITAL BUDGET**

Staff will present Fiscal Year 2018-19 General Manager's Recommended Operating and Capital Budget to the Committee for review and discussion.

Following committee review and approval, staff will present the recommended budget to the Board for consideration at the May 16 board meeting.