

**NOTICE OF A REGULAR MEETING
OF THE OLIVENHAIN MUNICIPAL WATER
DISTRICT'S FINANCE COMMITTEE
1966 Olivenhain Road, Encinitas, CA 92024
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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: MONDAY, AUGUST 13, 2018

TIME: 10:00 A.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 MAY 2, 2018 REGULAR FINANCE COMMITTEE MEETING
6. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q2 2018)
7. 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**

May 2, 2018

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Wednesday, May 2, 2018, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 3:04 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; John Carnegie, Customer Services and Public Affairs Manager; Kimberly Thorner, General Manager; and Felipe Monasi, Financial Analyst.

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 MARCH 20, 2018 SPECIAL FINANCE COMMITTEE MEETING

Director Sprague moved to approve the March 20, 2018 meeting minutes, seconded by Director Varty and carried unanimously.

6. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q1 2018)

Finance Manager Selamat reviewed the investment report as of March 31, 2018, with the committee. Cash and investments were discussed. Finance Manager Selamat reported that actual investment yield is slightly over the benchmark established in the investment policy and that all investments are in compliance with the investment policy. The differences between market value, book value, and the face value of the District's investment holdings were discussed. The District has sufficient funds to meet

its financial obligations for the next 120 days.

7. CONSIDER PROPOSED BUDGET

Finance Manager Selamat discussed revenue and expenditure assumptions used in General Manager's proposed fiscal year 2018/19 operating Budget presentation. Finance Manager Selamat mentioned that the proposed budget includes an increase in labor costs 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 change in CalPERS actuarial assumptions. Budget variances from the prior year were also reviewed and discussed.

Director Sprague recommended that District's pension cost as a % of payroll be presented and included in Staff's budget presentation to the Board.

Following the operating budget presentation, Staff reviewed proposed changes to the fiscal year 2018/19 Capital Budget and fund balance appropriations with the Committee. Included in staff's budget presentation were financial uncertainties due to new water mandates and future purchased water wholesale cost increases.

The Committee approved General Manager Proposed Operating and Capital Budget for Fiscal Year 2018/19 as presented for Board's review during the Board Budget Workshop meeting.

8. OTHER BUSINESS: REPORT FROM THE GENERAL MANAGER

General Manager Thorner explained to the Committee timing difference between the District's water billing cycle and current practice of rate increase approval process with the Board. Customer Services and Public Affairs Manager Carnegie provided further details to the Committee on the District's water billing cycle and monthly billing process. Several issues due to this timing difference were reviewed and discussed. Director Varty recommended that staff bring back several options to improve the existing process for the Committee's consideration. General Manager Thorner agreed to have more discussion with the Committee at future meeting.

8. ADJOURNMENT

The meeting was adjourned at 4:47 p.m.

Memo

Date: August 13, 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 (Q2) 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 June 30, 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 June 30, 2018 (Draft)

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as of 8/7/18

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**Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of June 30, 2018**

Active Deposits

	<u>Book Value</u>
Checking Accounts	\$ 2,991,653
Cash Restricted for Specific Use	-
Petty Cash/Disaster Preparedness	1,466
Total Active Deposits	\$ 2,993,119

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	9,972,637
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<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	
LAIF	\$ 10,252,377	10,252,377	1.85%	\$ 10,252,377 ✓
CAMP	16,702,205	16,702,205	2.09%	16,702,205 ✓
Money Market Funds	50,518	50,518	1.56%	50,518
Municipal Bonds	3,687,369	2,703,627	2.28%	3,731,012 ✓
U.S. Treasury Securities	6,000,000	5,964,990	1.09%	5,945,291 ✓
U.S. Agency Securities	32,264,286	31,896,360	1.66%	32,263,486 ✓
Total Investments	\$ 68,956,755	\$ 67,570,077	1.78%	\$ 68,944,889

Total - All Deposits/Investments

\$ 81,910,646 ✓

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	39.2%	\$ 27,005,100
Maturity within the next two months	1.4%	999,000
Maturity within three months and one year	13.7%	9,461,575
Maturity beyond one year	45.7%	31,479,214
Total Investments	100.0%	\$ 68,944,889 ✓

Weighted Average Days to Maturity **375**

Other Required Disclosures:

Accrued interest receivable as of 06/30/2018 \$ 13,624
 The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2017.

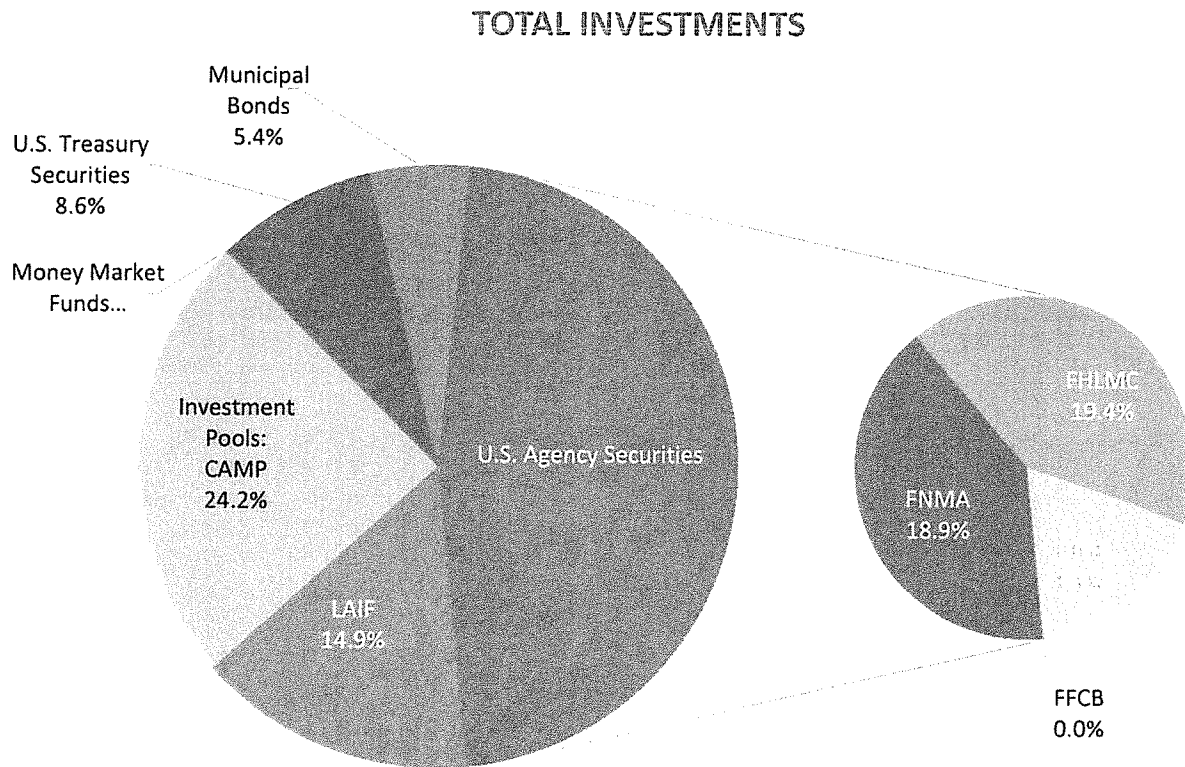
The District has sufficient funds on hand to meet the next 30 days' obligations.

**Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
June 30, 2018**

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>		<u>In Compliance?</u>
LAIF	\$ 10,252,377 ✓	14.9%	30.0%	(1)	Yes
Investment Pools: CAMP	16,702,205 ✓	24.2%	30.0%		Yes
Money Market Funds	50,518 ✓	0.1%	20.0%	(2)	Yes
U.S. Treasury Securities	5,945,291	8.6%	100.0%	(3)	Yes
Municipal Bonds	3,731,012 ✓	5.4%	30.0%		Yes
U.S. Agency Securities	32,263,486 ✓	46.8%	50.0%		Yes
<hr/>					
<i>FNMA</i> <i>Fannie Mae</i>	12,996,200	18.9%			
<i>FHLMC</i> <i>Freddie Mac</i>	13,403,000	19.4%			
<i>FHLB</i> <i>Federal Home Loan Bank</i>	5,864,286	8.5%			
<i>FFCB</i> <i>Federal Farm Credit Bank</i>	-	0.0%			
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Total Investments	\$ 68,944,889 ✓	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.

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Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
June 30, 2018

ACTIVE DEPOSITS

Checking A/C California Bank and Trust for General Purpose
Petty Cash/Disaster Preparedness
Total - Active Deposits

Book Value	2,991,653.08
	1,466.33
Total	2,993,119.41

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - AD 96-1 Refunding Bond
Union Bank - 2015A Refunding Bond
SRF Loan
Union Bank - 2016A Refunding Bond
Union Bank - 2018 Revenue Bond

3,075,042.00
695,708.00
334,837.00
367,050.00
5,500,000.00

Total Deposits Not Covered by Investment Policy

9,972,637.00

	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)												
	Slate 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	108		0.88%	0.88%	1,993,560	2,000,000	\$	1,991,250
912833KT6	U.S. Treasury Strips	--	--	01/23/18	11/15/18	139		0.00%	1.50%	992,970	1,000,000		985,270
912828V31	U.S. Treasury Notes	Aaa	--	01/23/18	01/15/20	565		1.38%	1.39%	983,160	1,000,000		987,831
						169		1.08%	1.09%	\$ 5,964,990	\$ 6,000,000	\$	5,945,291

U.S. Agency Securities

3136G3XC4	FNMA Callable	Aaa	AA+	07/27/16	07/27/18	28		0.80%	0.80%	999,230	1,000,000		999,000
3130A9NH0	FHLB Callable	Aaa	AA+	10/11/16	10/11/18	104		1.00%	1.00%	1,994,320	2,000,000		2,000,000
3135G0J46	FNMA Callable	Aaa	AA+	02/26/16	02/26/19	242	58	1.25%	1.25%	1,985,020	2,000,000		2,000,000
3135G0L76	FNMA Callable	Aaa	AA+	07/11/16	07/11/19	377		1.08%	1.08%	1,973,600	2,000,000		2,000,000
3134GAH64	FHLMC NTS	Aaa	AA+	01/26/17	07/26/19	392		1.50%	1.50%	396,056	400,000		400,000
3130ABSP2	FHLB Callable	Aaa	AA+	07/26/17	07/26/19	392		1.50%	1.50%	990,010	1,000,000		1,000,000
3134GAJX3	FHLMC Step-Up Callable	Aaa	AA+	09/27/16	09/27/19	455		1.50%	1.50%	996,130	1,000,000		1,000,000
3136G4DR1	FNMA Callable	Aaa	AA+	10/17/16	10/17/19	475		1.10%	1.10%	982,280	1,000,000		999,000
3135G0J95	FNMA Callable	Aaa	AA+	04/28/16	10/28/19	486		1.35%	1.35%	983,420	1,000,000		1,000,000
3136G4GE7	FNMA Callable	Aaa	AA+	11/15/16	11/15/19	504		1.13%	1.13%	1,963,220	2,000,000		1,998,200
3134GBQV7	FHLMC Callable	Aaa	AA+	05/30/17	11/22/19	511	54	1.50%	1.50%	984,730	1,000,000		1,000,000
3136G3A96	FNMA Callable	Aaa	AA+	07/27/16	01/27/20	577		1.13%	1.13%	1,957,580	2,000,000		2,000,000
3136G3V85	FNMA Callable	--	AA+	08/24/16	02/24/20	605		1.25%	1.25%	979,420	1,000,000		1,000,000
3136G4KB8	FNMA Callable	Aaa	AA+	12/30/16	03/30/20	640		1.65%	1.65%	984,890	1,000,000		1,000,000
3134GBKM3	FHLMC MTN Step-Up	Aaa	AA+	05/11/17	05/11/20	682	43	1.75%	1.75%	993,720	1,000,000		1,000,000
3130AEEK2	FHLB	Aaa	AA+	06/12/18	06/12/20	714	348	2.47%	2.47%	399,412	400,000		400,000
3134G9ZN0	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/20	732		1.25%	1.25%	986,000	1,000,000		1,001,000
3130ACTX2	FHLB Callable	Aaa	AA+	11/27/17	11/27/20	882		2.00%	2.00%	982,560	1,000,000		1,000,000
3134GBT A0	FHLMC Step-Up Callable	Aaa	AA+	06/22/17	12/22/20	907		1.60%	1.60%	991,350	1,000,000		1,000,000
3134G9UN5	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/21	1,097		1.30%	1.30%	979,760	1,000,000		1,002,000
3130ADJ45	FHLB Callable	Aaa	AA+	01/30/18	07/30/21	1,127	215	2.38%	2.38%	989,110	1,000,000		1,000,000
3134G92L0	FHLMC Step-Up Callable	Aaa	AA+	08/17/16	08/17/21	1,145	49	1.40%	1.40%	959,650	1,000,000		1,000,000
3134GSQV0	FHLMC	Aaa	AA+	06/28/18	06/28/22	1,460	364	3.00%	3.00%	998,600	1,000,000		1,000,000
3134GSEV3	FHLMC Callable	Aaa	AA+	03/28/18	03/28/23	1,733	91	2.00%	2.00%	997,380	1,000,000		1,000,000
3134GSMZ5	FHLMC Callable	Aaa	AA+	05/23/18	02/23/22	1,335	147	3.00%	3.00%	998,300	1,000,000		1,000,000
3130AE6H8	FHLMC Callable	Aaa	AA+	05/02/18	05/02/23	1,768	126	3.15%	3.15%	1,992,780	2,000,000		2,000,000
3134GSPS8	FHLMC	Aaa	AA+	06/28/18	06/28/22	1,460		3.30%	3.30%	1,000,070	1,000,000		1,000,000
3130A52Q1	FHLB	Aaa	AA+	04/20/18	04/20/22	1,391		1.72%	3.30%	457,762	464,286		464,286
						756	129	1.66%	1.66%	\$ 31,896,360	\$ 32,264,286	\$	32,263,486

Municipal Bonds

882806EL2	TEXAS TECH UNIV REVS	AA1	AA+	01/12/17	02/15/19	231		1.80%	1.79%	498,020	500,000		504,115
95648XBJ3	WEST VA ECON REV	A1	AAA	01/12/17	07/01/19	367		1.70%	1.70%	450,614	455,000		455,592
675371AW8	OCEANSIDE CA PEN REV	-	AA	10/16/17	08/15/20	778		3.27%	3.16%	252,165	250,000		258,313
13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21	1,037		1.71%	1.73%	466,547	482,369		476,913
13063DAC2	CALIFORNIA ST GO	AA3	AA-	04/09/18	04/01/21	1,007		2.63%	2.63%	993,030	1,000,000		999,620
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21	1,051		2.54%	2.45%	\$ 43,251	\$ 1,000,000	\$	1,036,460
						824		2.30%	2.28%	\$ 2,703,627	\$ 3,687,369	\$	3,731,012

Total Investments

413	1.78%	1.78%	\$ 67,570,077	\$ 68,956,755	\$	68,944,889
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DEPOSITS NOT COVERED BY INVESTMENT POLICY

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Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
June 30, 2018

PURCHASED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
06/12/18	06/12/20			FEDERAL HOME LOAN BANK	2.470%	2.470%	400,000	400,000
06/28/18	06/28/23			FEDERAL HOME LOAN MORTGAGE	3.300%	3.300%	1,000,000	1,000,000
06/28/18	06/28/22			FEDERAL HOME LOAN MORTGAGE	3.000%	3.000%	1,000,000	1,000,000

MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
06/26/18	06/26/18			FEDERAL HOME LOAN BANK	1.250%	1.250%	1,000,000	1,000,000
	09/28/18	06/28/18		FEDERAL HOME LOAN MORTGAGE	1.500%	1.250%	1,000,000	1,000,000

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Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of June 30, 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	18,595,687
10010-100	Cash - Operating Fund	10,512,734
10060-100	Cash - Deposit Work for Other	196,087
10040-100	Cash - Rate Stabilization	7,689,989
10010-120	Cash - Recycled Fund	6,362,629
10030-120	Cash - Capital Replacement Fund	4,108,626
14005-100	Cash - IRWMP - Grant	129,164
Total Water Funds (Potable & Recycled)		\$ 47,596,381
<u>Wastewater Funds</u>		
10010-110	4S Ranch Sanitation District - Operating Fund	1,330,144
10030-110	4S Ranch Sanitation District - Capital Replacement Fund	11,164,999
10040-110	Wastewater - Rate Stabilization Fund	2,488,465
10010-111	Rancho Cielo Sanitation District - Operating Fund	266,697
Total Wastewater Funds		\$ 15,250,305
<u>Capacity Fee Funds</u>		
10030-400	Expansion Fund - Recycled Water	1,273,776
14000-500	Capacity Fee Fund - Treated Water	7,817,547
Total Capacity Fee Funds		\$ 9,091,323
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	332,638
14020-561	Cash non-agent - Bond 2015A	1,487
14020-581	Cash non-agent - Bond 2016A	10,580
14140-512	Cash non-agent - Bond 2018	5,451,000
Total Non Fiscal Agent Debt Service Cash		\$ 5,795,704
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	334,837
14100-570	Redemption fund - RAD 96-1	1,296,589
14110-570	Reserve fund - RAD 96-1	1,431,622
14120-570	Prepayment fund - RAD 96-1	14,193
14100-561	Redemption fund - Bond 2015A	694,221
14100-581	Redemption fund - Bond 2016A	356,470
14160-512	Cost of Issuance Fund-Bond 2018	49,000
Total Debt Service Funds		\$ 4,176,933
TOTAL FUND BALANCES		\$ 81,910,646 ✓