

**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.