

**NOTICE OF A SPECIAL 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:** TUESDAY, MARCH 20, 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 FEBRUARY 5, 2018  
REGULAR FINANCE COMMITTEE MEETING
6. REVIEW AND DISCUSS RESOLUTION OF INTENTION TO ISSUE TAX-EXEMPT  
OBLIGATIONS TO PAY FOR BUILDING D PROJECT COSTS
7. CONSIDER FUTURE AGENDA ITEMS
8. ADJOURNMENT

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

**February 5, 2018**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Monday, February 05, 2018, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 11:37 a.m. In attendance were Edmund K. Sprague, Treasurer and Division 5 Director; Gerald E. Varty, Board Secretary and Division 4 Director; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; and Felipe Monasi, Financial Analyst.

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 JANUARY 8, 2018 SPECIAL FINANCE COMMITTEE MEETING

Director Varty moved to approve the January 8, 2018, meeting minutes, seconded by Director Sprague and carried unanimously.

6. REVIEW AND DISCUSS FISCAL YEAR 2017-2018 MID-YEAR BUDGET REVIEW

Finance Manager Selamat discussed staff proposed mid-year budget adjustments with the committee. Finance Manager Selamat reported that actual sales during the first half of fiscal year 2017-18 was better than Staff's projections. As a result, the net proposed adjustments to the adopted budget is insignificant. Finance Manager Selamat mentioned to the Committee that the proposed budget adjustments include an increase in the annual PAYGO transfer from Water Operating Fund to Water Capital Fund to pay for planned capital spending.

Staff proposed adjustments to the District's fiscal year 2017-18 capital budget then were discussed. Staff is proposing to reduce the total capital budget appropriation approved by the Board in June 2017 for fiscal year 2017-18 due to timing of expenditures on certain capital projects. General Manager Thorner then

reported to the committee the reason that one (1) recycled project has been cancelled from the District's Long Range Capital Spending Plan which is the Recycled Water Quality Improvements project.

7. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q4 2017)

Finance Manager Selamat reviewed the investment report as of Dec 31, 2018, with the committee. District's cash and investments included in the report were discussed. Finance Manager Selamat reported that actual yield on investments is slightly over the benchmark established in the investment policy due to current market condition and that all investments are in compliance with the investment policy. Since more detail information on the District's monthly investment report has been added as a result of Fiscal Year 2016/17 audit recommendation, the differences between market value, book value, and the face value reported were explained and discussed with the Committee. The district has sufficient funds to meet its financial obligations for the next 120 days.

8. REVIEW AND DISCUSS MONTHLY SUMMARY OF REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF

General Manager Thorner explained the reporting format on Monthly Reimbursement of Expenses to Board Members and Staff included in monthly Board packet. General Manager Thorner explained to the Committee that credit card charges paid by the District for each Board member and staff are not itemized and reported separately the individual name in the monthly report. Director Sprague emphasized to the Committee the importance of transparency for a public agency so long as other factors, such as staff's time and work efficiency, are taken into consideration when preparing a report. Director Varty recommended adding a footnote disclosure on the report to exclude credit card charges paid by the District, but that they are available on request. The Committee accepted staff's recommended changes to the report that travel and other expenses paid by District's credit cards for District's employees are recorded and reported separately in accordance with the District's credit card use procedures.

9. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 12:42 pm

# Memo

Date: March 20, 2018  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS RESOLUTION OF INTENT TO ISSUE TAX-EXEMPT OBLIGATIONS TO PAY FOR BUILDING D PROJECT COSTS**

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A copy of the resolution is attached for review and discussion with Finance Committee members.

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
OLIVENHAIN MUNICIPAL WATER DISTRICT  
REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT  
OBLIGATIONS

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District (the “Issuer”) desires to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (the “Project”);

WHEREAS, the Issuer intends to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the Issuer desires to incur certain expenditures with respect to the Project from available monies of the Issuer which expenditures are desired to be reimbursed by the Issuer from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, the BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Issuer hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$ 5,500,000.

SECTION 3. This resolution is being adopted on or prior to the date (the “Expenditures Date or Dates”) that the Issuer will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the “eighteen-month limit” of the previous sentence is changed to “three years” and the limitation of the previous sentence beginning with “; provided, . . . .” is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the Issuer (other than the Obligations)) or

to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the Issuer that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

SECTION 9. All the recitals in this Resolution are true and correct and this Board of Directors so finds, determines and represents.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on March 7, 2018.

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Lawrence A. Watt, President  
Board of Directors  
Olivenhain Municipal Water District

Attest:

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Gerald E. Varty, Secretary  
Board of Directors  
Olivenhain Municipal Water District

## EXHIBIT A

### DESCRIPTION OF PROJECT

The Project consists of improvements to administrative and operations buildings located at 1966 Olivenhain Road, Encinitas, CA. The Administration and Operations buildings provide support for all of the District's activities related to potable water, recycled water, and wastewater throughout the District's service area. The project will include a realignment of the main access to the building(s), site grading, utility relocations, tenant improvements to two separate buildings totaling approximately 17,200 square feet, and the construction of a new 5,800 square foot building, conjoining the existing buildings into one, 23,000 square foot building.