

**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: FRIDAY, MAY 3, 2019

TIME: 9:00 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 MARCH 13, 2019 SPECIAL FINANCE COMMITTEE MEETING
6. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q1 2019)
7. REVIEW AND DISCUSS STAFF PROPOSED FISCAL YEAR 2019/2020 OPERATING AND CAPITAL BUDGET
8. CONSIDER FUTURE AGENDA ITEMS
9. ADJOURNMENT

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

March 13, 2019

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Thursday, March 13, 2019, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 8:55 a.m. In attendance were Lawrence A. Watt, Treasurer and Division 2 Director; Rainy Selamat, Finance Manager; Kimberly Thorner, General Manager; and Leo Mendez, Accounting Supervisor. It was noted that Board President and Division 5 Director Edmund K. Sprague was absent. Also in attendance were representatives from three CPA firms: DavisFarr LLP, Leaf & Cole LLP, and The Pun Group, LLP.

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

Director Watt moved to adopt the agenda, seconded by General Manager Thorner and carried unanimously with President Sprague absent.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 20, 2019 SPECIAL FINANCE COMMITTEE MEETING

Director Watt moved to approve the February 20, 2019 meeting minutes, seconded by General Manager Thorner and carried unanimously with President Sprague absent.

6. CONDUCT INTERVIEW OF CPA FIRMS AND SELECT NEW AUDIT FIRM FOR THE DISTRICT

The committee conducted interviews of three CPA firms: DavisFarr LLP, Leaf & Cole LLP, and The Pun Group, LLP, respectively. Questions were asked by the committee related to Governmental Accounting Standards Board (GASB) and Government Finance Officers Association (GFOA) compliance, audit firm turnover, District staff involvement during audit, industry experience, audit approach, fees, and deadlines. The committee

discussed the candidate CPA firms and recommended The Pun Group as the District's new audit firm for consideration and approval by the Board at the April 17 meeting.

7. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested.

8. ADJOURNMENT

The meeting was adjourned at 11:56 a.m.

Memo

Date: May 3, 2019
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) 2019 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 2018 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, 2019, 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, 2019 (Draft)

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of March 31, 2019

Active Deposits

	Book Value
Checking Accounts	\$ 6,612,406
Cash Restricted for Specific Use	5,417,761
Petty Cash/Disaster Preparedness	1,478
Total Active Deposits	\$ 12,031,645

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	5,549,679
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Investments	Face Value	Market Value	Current Yield	Book Value
LAIF	\$ 8,369,234	8,370,464	2.44%	\$ 8,369,234
CAMP	20,531,911	20,531,911	2.61%	20,531,911
Money Market Funds	1,144,667	1,144,667	2.10%	1,144,667
Commercial Paper	1,000,000	996,030	2.77%	986,450
Municipal Bonds	3,937,369	3,928,655	2.40%	3,968,038
U.S. Treasury Securities	9,023,000	8,888,530	2.11%	8,830,302
U.S. Agency Securities	27,264,286	27,155,518	1.86%	27,264,486
Total Investments	\$ 71,270,467	\$ 71,015,775	2.22%	\$ 71,095,088

Total - All Deposits/Investments

\$ 88,676,412

Maturity Analysis of Investments

	Percent	Balance
Demand Deposits	42.3%	\$ 30,045,812
Maturity within the next two months	1.4%	986,450
Maturity within three months and one year	26.1%	18,532,833
Maturity beyond one year	30.3%	21,529,993
Total Investments	100.0%	\$ 71,095,088

Weighted Average Days to Maturity **306**

Other Required Disclosures:

Accrued interest receivable as of 03/31/2019 \$ 266,479

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2018.

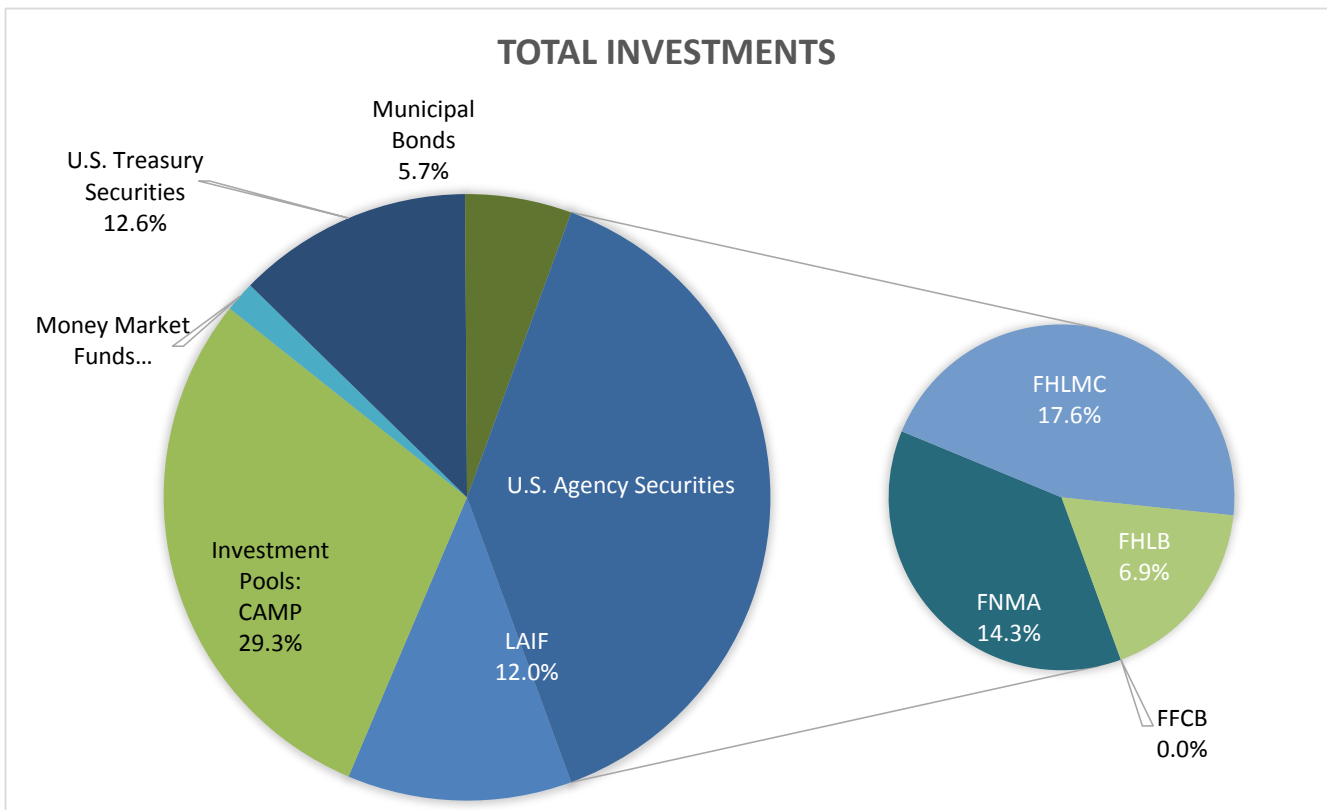
The District has sufficient funds on hand to meet the next 30 days' obligations.

Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
March 31, 2019

	Book Value	Percent	Permitted Percent	In Compliance?
LAIF	\$ 8,369,234	11.8%	30.0% (1)	Yes
Investment Pools: CAMP	20,531,911	28.9%	30.0%	Yes
Money Market Funds	1,144,667	1.6%	20.0% (2)	Yes
U.S. Treasury Securities	8,830,302	12.4%	100.0% (3)	Yes
Municipal Bonds	3,968,038	5.6%	30.0%	Yes
U.S. Agency Securities	27,264,486	38.3%	50.0%	Yes
<i>FNMA Fannie Mae</i>	<i>9,997,200</i>	<i>14.1%</i>		
<i>FHLMC Freddie Mac</i>	<i>12,403,000</i>	<i>17.4%</i>		
<i>FHLB Federal Home Loan Bank</i>	<i>4,864,286</i>	<i>6.8%</i>		
<i>FFCB Federal Farm Credit Bank</i>	<i>-</i>	<i>0.0%</i>		
Commercial Paper	986,450	1.4%	20% (4)	Yes
Total Investments	\$ 71,095,088	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, 2019

ACTIVE DEPOSIT

	Book Value
Checking A/C California Bank and Trust for General Purpose	6,612,405.64
California Bank and Trust for Specific Purpose	5,417,761.47
Petty Cash/Disaster Preparedness	1,477.84
Total - Active Deposits	12,031,644.95

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - AD 96-1 Refunding Bond	2,410,721.17
Union Bank - 2015A Refunding Bond	1,577,032.27
SRF Loan	535,999.58
Union Bank - 2016A Refunding Bond	560,713.17
Union Bank - 2018 Revenue Bond	465,212.63

Total Deposits Not Covered by Investment Policy

5,549,678.82

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							

INVESTMENTS

Invest. Pools: Calif. Asset Mgmt Prgm (CAMP)		Demand				1			2.61%	\$ 20,531,911	\$ 20,531,911	20,531,911
State Local Agency Investment Fund (LAIF)		Demand				1			2.44%	8,370,464	8,369,234	8,369,234
JP Morgan US Gov't Money Market Fund Premier Class SHS		Demand				1			2.10%	1,144,667	1,144,667	1,144,667

U.S. Treasury Notes/Bills

912828V31	U.S.Treasury Notes	Aaa	--	01/23/18	01/15/20			291	1.38%	1.39%	991,720	1,000,000	987,831
912833LA6	US Treasury Strips	--	--	08/23/18	08/15/20			504	2.57%	2.66%	968,030	1,000,000	950,990
912828L99	U.S.Treasury Notes	Aaa	--	10/17/18	10/31/20			581	1.38%	1.40%	1,969,760	2,000,000	1,942,216
912796R7	U.S.Treasury Bill	--	--	02/12/19	01/30/20			306	2.50%	2.50%	980,350	1,000,000	976,338
912828A83	U.S.Treasury Notes	Aaa	--	02/12/19	12/31/20			642	2.38%	2.37%	1,000,820	1,000,000	998,196
912796SD2	U.S.Treasury Bill	--	--	02/28/19	02/27/20			334	2.52%	2.58%	978,560	1,000,000	975,379
912796SK6	U.S.Treasury Bill	--	--	03/29/19	09/26/19			180	2.39%	2.37%	1,999,290	2,023,000	1,999,352
								399	2.08%	2.11%	\$ 8,888,530	\$ 9,023,000	\$ 8,830,302

U.S. Agency Securities

3135G0J95	FNMA Callable	Aaa	AA+	04/28/16	10/28/19	07/28/19		212	120	1.35%	1.36%	993,580	1,000,000	1,000,000
3134G9ZNO	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/20	06/30/19		458	92	1.50%	1.51%	995,250	1,000,000	1,001,000
3134G9UN5	FHLMC Step-Up Callable	Aaa	AA+	06/30/16	06/30/21	06/30/19	12/31/19	823	92	1.60%	1.61%	992,290	1,000,000	1,002,000
3135G0L76	FNMA Callable	Aaa	AA+	07/11/16	07/11/19	04/11/19		103	12	1.08%	1.08%	1,992,320	2,000,000	2,000,000
3136G3A96	FNMA Callable	Aaa	AA+	07/27/16	01/27/20			303		1.13%	1.14%	1,978,800	2,000,000	2,000,000
3134G92L0	FHLMC Step-Up Callable	Aaa	AA+	08/17/16	08/17/21	05/17/19	08/17/19	871	48	1.40%	1.43%	980,560	1,000,000	1,000,000
3136G3V85	FNMA Callable	--	AA+	08/24/16	02/24/20			331		1.25%	1.26%	989,740	1,000,000	1,000,000
3136G4DR1	FNMA Callable	Aaa	AA+	10/17/16	10/17/19			201		1.10%	1.11%	992,560	1,000,000	999,000
3136G4GE7	FNMA Callable	Aaa	AA+	11/15/16	11/15/19			230		1.13%	1.13%	1,983,420	2,000,000	1,998,200
3136G4KB8	FNMA Callable	Aaa	AA+	12/30/16	03/30/20	06/30/19		366	92	1.65%	1.66%	992,310	1,000,000	1,000,000
3134GAH64	FHLMC NTS	Aaa	AA+	01/26/17	07/26/19	04/26/19		118	27	1.50%	1.50%	398,744	400,000	400,000
3134GBKM3	FHLMC MTN Step-Up	Aaa	AA+	05/11/17	05/11/20	05/11/19	05/11/19	408	42	1.75%	1.75%	999,630	1,000,000	1,000,000
3134GBQV7	FHLMC Callable	Aaa	AA+	05/30/17	11/22/19	05/22/19		237	53	1.50%	1.51%	993,680	1,000,000	1,000,000
3134GBT0	FHLMC Step-Up Callable	Aaa	AA+	06/22/17	12/22/20	06/22/19	06/22/19	633	84	1.90%	1.90%	998,890	1,000,000	1,000,000
3130ABSP2	FHLMC Callable	Aaa	AA+	07/26/17	07/26/19			118		1.50%	1.50%	996,850	1,000,000	1,000,000
3130ACTX2	FHLMC Callable	Aaa	AA+	11/27/17	11/27/20			608		2.00%	2.02%	991,640	1,000,000	1,000,000
3130ADJ45	FHLMC Callable	Aaa	AA+	01/30/18	07/30/21			853		2.38%	2.37%	1,000,030	1,000,000	1,000,000
3130A52Q1	FHLMC	Aaa	AA+	04/20/18	04/20/22	Anytime		1,117	1	1.70%	1.72%	459,680	464,286	464,286
3130AEEK2	FHLMC	Aaa	AA+	06/12/18	06/12/20	06/12/19		440	74	2.47%	2.47%	400,124	400,000	400,000
3134GSQV0	FHLMC	Aaa	AA+	06/28/18	06/28/22	06/28/19		1,186	90	3.00%	3.00%	1,001,060	1,000,000	1,000,000
3134GSTH8	FHLMC Callable	--	--	07/30/18	01/30/23	07/30/20		1,402	488	3.00%	2.98%	1,006,340	1,000,000	1,000,000
3130AEEC7	FHLMC	Aaa	AA+	08/24/18	08/24/23	08/24/20		1,608	513	3.13%	3.10%	1,008,060	1,000,000	1,000,000
3130AF5N3	FHLMC Callable	--	--	10/29/18	10/29/21	10/29/19		944	213	3.15%	3.14%	2,008,120	2,000,000	2,000,000
3134GS3P8	FHLMC Callable	Aaa	AA+	02/27/19	08/27/21	08/27/19		881	150	2.65%	2.65%	2,001,840	2,000,000	2,000,000
								586	137	1.86%	1.86%	\$ 27,155,518	\$ 27,264,286	\$ 27,264,486

Commercial Paper

89233HSU9	TOYOTA MOTOR CREDIT	A-1		11/29/18	05/28/19			59		2.73%	2.74%	996,030	1,000,000	986,450
								59		2.73%	2.77%	\$ 996,030	\$ 1,000,000	\$ 986,450

Municipal Bonds

95648XBJ3	WEST VA ECON REV	A1	AAA	01/12/17	07/01/19			93		1.70%	1.70%	453,817	455,000	455,592
675371AW8	OCEANSIDE CA PEN REV	-	AA	10/16/17	08/15/20			504		3.27%	3.16%	252,353	250,000	258,313
13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21			763		1.71%	1.73%	475,895	482,369	476,913
13063DAC2	CALIFORNIA ST GO	AA3	AA-	04/09/18	04/01/21			733		2.63%	2.63%	1,005,630	1,000,000	999,620
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21			777		2.54%	2.45%	998,160	1,000,000	1,036,460
59087BVE4	METLIFE FUNDING	P-1	A-1+	02/20/19	08/14/19			137		2.47%	2.48%	742,800	750,000	741,141
								548		2.39%	2.40%	\$ 3,928,655	\$ 3,937,369	\$ 3,968,038
Total Investments								306		2.22%	2.22%	\$ 71,015,775	\$ 71,270,467	\$ 71,095,088

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 88,676,412

**Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
March 31, 2019**

PURCHASED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
03/29/19	09/26/19			U.S.Treasury Bill	2.392%	2.372%	\$ 2,023,000	\$ 1,999,352

MATURED / REDEEMED / CALLED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
02/28/19	03/28/23	02/28/19		FHLMC Callable	2.000%	2.000%	999,880	1,000,000
06/28/22	06/28/22			FHLMC	3.300%	3.299%	1,000,200	1,000,000
06/27/19	09/27/19	06/27/19	03/27/19	FHLMC Step-Up Callable	2.000%	2.001%	999,640	1,000,000

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of March 31, 2019

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	\$ 1,477.84
10030-100	Cash - Capital and Equipment Fund	22,907,758
10010-100	Cash - Operating Fund	8,700,903
10060-100	Cash - Deposit Work for Other	196,782
10040-100	Cash - Rate Stabilization	8,111,510
10010-120	Cash - Recycled Fund	8,286,218
10030-120	Cash - Capital Replacement Fund	4,216,711
14005-100	Cash - IRWMP - Grant	85,785
Total Water Funds (Potable & Recycled)		<u>\$ 52,507,144</u>
<u>Wastewater Funds</u>		
10010-110	4S Ranch Sanitation District - Operating Fund	1,343,400
10030-110	4S Ranch Sanitation District - Capital Replacement Fund	11,740,010
10040-110	Wastewater - Rate Stabilization Fund	2,527,407
10010-111	Rancho Cielo Sanitation District - Operating Fund	277,154
Total Wastewater Funds		<u>\$ 15,887,972</u>
<u>Capacity Fee Funds</u>		
10030-400	Expansion Fund - Recycled Water	988,387
14000-500	Capacity Fee Fund - Treated Water	8,325,468
Total Capacity Fee Funds		<u>\$ 9,313,855</u>
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	419,112
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14140-512	Cash non-agent - Bond 2018	4,987,449
Total Non Fiscal Agent Debt Service Cash		<u>\$ 5,417,761</u>
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	536,000
14100-570	Redemption fund - RAD 96-1	938,872
14110-570	Reserve fund - RAD 96-1	1,438,679
14120-570	Prepayment fund - RAD 96-1	33,170
14100-561	Redemption fund - Bond 2015A	1,577,032
14100-581	Redemption fund - Bond 2016A	560,713
14100-512	Redemption fund - CB&T 2018	465,213
Total Debt Service Funds		<u>\$ 5,549,679</u>
TOTAL FUND BALANCES		<u>\$ 88,676,412</u>

Memo

Date: May 3, 2019
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **REVIEW AND DISCUSS GENERAL MANAGER'S RECOMMENDED FISCAL YEAR
2019-2020 OPERATING AND CAPITAL BUDGET**

Staff will present Fiscal Year 2019-20 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 22 board meeting.