

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING**

November 12, 2014  
3:00 P.M.

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Chairperson McDonald called the Finance & Administration Committee Meeting to order at 3:00 p.m.

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:**

Melody McDonald, Chairperson  
David E. Raley, Director

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:**

None

**STAFF PRESENT:**

Daniel Cozad, General Manager  
Athena Monge, Administrative Services Specialist  
Angie Quiroga, Administrative Services Specialist

**GUEST PRESENT:**

None

1. PUBLIC PARTICIPATION

Chairperson McDonald announced this as the time for any persons present, who so desire, to make an oral presentation to the Committee. Hearing none, the meeting continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM AUGUST 25, 2014

**It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of the August 25, 2014 Finance & Administration Committee Meeting. The motion carried with all members present voting in the affirmative.**

**Chairperson McDonald: Yes**

**Director Raley: Yes**

4. RESERVE AND INVESTMENT POLICY REVIEW

Mr. Cozad identified revisions within the District and Enterprise Reserve Policy. He reviewed in further detail where he indicated that the reserve targets are listed on page 10. He reviewed the following changes to reserves:

- Increase the Groundwater Enterprise Reserve target to 100% of the Groundwater Recharge Enterprise yearly operating budget to cover Mill Creek Diversion and Environmental permitting

requirements to \$1.25 Million and transfer the remaining funding of \$339,449 to the Capital Improvement Reserve.

- Revision of the Capital Improvement Reserve to include capital repairs and equipment increase to \$400,000.
- Land Resources Reserve to maintain balance of \$968,387 to perform work needed on District lands and reassess after implementation of the Wash Plan
- Adjust OPEB Reserve to match the 2014 OPEB projected costs \$32,423 ratifying staffs action in June 2014.
- Delete Wash Plan Reserve because all debts to the District have been paid and reflect changes in accounting for the project.

Staff will look into moving OPEB funds to a trust. We estimate \$12,000 per year to be placed in that trust.

Mr. Cozad indicated that the Investment Policy has been updated and must be annually. The addition of section 5 (6) has been added to the Investment Policy and broadens the Board's ability to make other investments authorized by the state if it specifically takes action. If the District is authorized to be fiduciary responsible to invest Wash Plan funds it will want to be given the ability to operate in a broad range in considering investing. The Wash Plan funds can be invested for up to 30 years potentially. USFWS estimates \$16 million for Wash Plan; Staff estimates \$10 million for endowment. Mr. Cozad indicated that ultimately the entity implements the plan will decide how we will be investing funds.

Mr. Cozad introduced a new investment opportunity which may give the District a higher return without the bond fluctuation by laddering CD's. Discussion ensued. It will be brought back to the Committee once additional information is obtained for consideration.

#### 5. 1<sup>st</sup> QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW

This item was taken out of order.

Mr. Cozad introduced the first quarter financials for the current fiscal year for review and discussion. He pointed to package page 17 where the new format was presented which rolls up general ledger accounts and provides subtotals as requested at the August 25<sup>th</sup> Committee meeting. Mr. Cozad gave a brief overview of the new format indicating that the full break out is available for review upon request and requested any feedback from the Committee. Director Raley indicated his support of the new format. Director Raley suggested breaking out General Ledger (GL) category *6400-Director Expenses* out by Director if it seems that the Board may exceed their budget. Chairperson McDonald asked whether or not the Director's exceeded their budget last year. Mr. Cozad indicated that the Board was within their budget last fiscal year and anticipates they will do so this year as well. Brief discussion ensued. Mr. Cozad indicated that in this quarter the District is under budget for expenses and on budget for revenue. Director Raley asked the plan for balancing the budget. He said that the District should put unearned income into its own GL to avoid any misconception. Mr. Cozad said that for future budgets we can add a prior year fund. The Committee indicated they like the new quarterly financial report format and opted to have it presented to the full Board at the November 19<sup>th</sup> Board of Directors Meeting.

6. ADJOURN

**It was moved by Director Raley and seconded by Chairperson McDonald to adjourn. The motion carried with all members present voting in the affirmative.**

**Director Raley: Yes**

**Chairperson McDonald: Yes**

There being no further business, the meeting adjourned at 3:55 p.m.