

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

November 19, 2018
1:30 P.M.

Chairperson McDonald called the Finance & Administration Committee Meeting to order at 1:37 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
Angie Quiroga, Administrative Services Specialist

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. Without public participation, the meeting continued with the published agenda.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM JULY 25, 2018

It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of July 25, 2018, Finance & Administration Committee meeting. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Chairperson McDonald: Yes

4. 1st QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW 2018-2019

Mr. Cozad presented this item for discussion noting that the District's financial status is as expected. Limited financial transactions have occurred during the first quarter. Director Raley inquired about the payroll expenses and if Staff anticipates payroll to be in line with the budget. Mr. Cozad confirmed Staff expects payroll to be on budget at year-end. Chairperson McDonald verified that budgeted Director Expenses include election costs but the District has not received any invoices for these expenses yet. Director Raley expressed his approval of the current financials. Mr. Cozad reviewed cash status on package page 10. He reminded the Committee that if the District approves a purchase agreement for property those funds will be moved out of LAIF and CalTrust for the land purchase. Mr. Cozad reviewed

the Quarterly Investment Report and noted package page 12 lists current CDs and overall yields. Staff rolls these CDs over to the new CDs as they mature. Staff is currently investing in 2-3 year length CDs due to higher yields laddered to have several annual maturities which would provide cash flow if needed. He explained that although Market Value on the current CDs appears below the purchase price, that value is applicable only if it is cashed out before maturity. The District never plans to refund the CDs before maturity.

It was moved by Director Raley and seconded by Chairperson McDonald to approve the 1st Quarter Annual Unaudited Financials and move the financials to the Board of Directors to receive and file. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

5. CALPERS ACTUARIAL VALUATION REPORT REVIEW

Mr. Cozad explained the CalPERS Actuarial Valuation report is provided annually. Data from prior years are used to project expenses in the future. It provides the District with our employer cost rate percentage and the unfunded liability for the upcoming fiscal year. Currently these are shown as 11.432% and \$13,221 respectively. In accordance with the District's existing policy, we budget for and pay this liability every year. Mr. Cozad directed the Committee to package page 22 – 23 that shows how the liabilities are calculated, and it also indicates employer contribution projections through 2025. Contribution requirements can change if CalPERS does not attain the planned 7.25% rate of return on their investments. Mr. Cozad believes that projections should somewhat stable because they are all based on estimates, and the report forms an actuarial projection of future employer costs. Mr. Cozad reviewed the funded status of the District's plan. He noted that the funded ratio at the end of 2017 is 92.5% and the present value of our projected benefits is \$4.2 million. Mr. Cozad also highlighted package page 33 which shows unfunded liabilities at other potential discount rates. This information is included in the District's yearly audit. Mr. Cozad explained the termination liability cost that the District incurs should it withdraw from CalPERS. He stated it would currently cost the District about \$4 million in additional funding. Discussion ensued. This item was received and filed.

6. REVIEW OF APPENDIX C APPOINTMENTS

Chairperson McDonald stated due to the current Board vacancy the Committee needs to discuss what they will recommend to the Board to fill former Director Harrison's committee appointments. Mr. Cozad recommended the Committee determine if any of Director Harrison's appointments will need representation within the next sixty days or if they can just leave the openings vacant until someone is appointed to it in January. It was decided that Director Raley would be willing to step in as a temporary alternate for the ACWA/JPIA committee if it is confirmed that ACWA/JPIA will not allow a vacancy for the sixty days until a new director is appointed. Chairperson McDonald stated she would move up as Primary to replace Director Harrison at the Association of San Bernardino County Special Districts meetings. The BTAC alternate position will remain vacant until the appointment. For SBVMWD Board meetings, Director Raley stated he would attend their meetings through December if Chairperson McDonald is unable to participate. Based on timing and appointments, Chairperson McDonald said there isn't a need to make any formal changes to Appendix C at this time. Director Raley concurred, and Appendix C will be not be revised until the appointment.

It was moved by Director Raley and seconded by Chairperson McDonald to defer changes of Appendix C appointments until January 2019. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

7. DISCUSS PER DIEM RECOMMENDATION FOR CALENDAR YEAR 2019

Mr. Cozad stated per diem recommendations for the calendar year 2019 are needed for the December Board meeting. A draft resolution is provided on package page 42. The CPI-U for December is not out yet but based on the average from last month; it is 3.4%. He reminded the committee that the Board requested staff to budget for a 5% increase. Mr. Cozad anticipates CPI -U (cost of living) will be between 3.4 and 3.8 percent. Director Raley suggested the increase match CPI. After some discussion, Chairperson McDonald recommended an increase of \$9.00 increase to \$225.00 per meeting which is a selected percentage increase between the CPI rate and the budgeted 5% increase. Director Raley agreed.

It was moved by Chairperson McDonald and seconded by Director Raley to recommend to the Board the per diem rate be increased by 4% (\$9.00) to \$225.00. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

8. 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 2:30 p.m.