

FINANCE COMMITTEE NOTES

August 12, 2020

Attendees:

Committee members:	Randall Reed (Chair) and Mark Gibboney
Staff members:	John Bosler, Carrie Guarino, Chad Brantley, Eduardo Espinoza, Rob Hills, Frank Chu, Agnes Boros, Jennifer Fillinger, and Andrea Dutton
Members of the Public:	Richard Babbe, PFM

Call to Order: 10:00 a.m.

Public Comment: None

Additions/Deletions to Agenda: None

Introductory Remarks by Chair Reed

Chair Reed announced for the record that this meeting was conducted by teleconference pursuant to the Brown Act waivers provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency. Further, the agenda stated that there was no public location for attending this meeting in person. The agenda stated that the public may listen and provide comment telephonically by calling the number listed on the agenda. Chair Reed took a roll call of Committee members and staff present on the call as listed above.

1. Operating Portfolio Update

- Richard Babbe from PFM Investment Advisors provided an investment performance review for the District's general investment portfolio.
- The report on the current macro-economy showed the severe impact of the pandemic shutdown on unemployment, economic activity, and interest rates.
- The Federal Reserve has cut the FOMC rate to 0.0% - 0.25% with a goal of supporting liquidity in the economy.
- The report on the performance of the general portfolio investments indicated fewer new purchases and increased liquidity by investing more funds in LAIF.
- PFM actively monitors the holdings in corporate notes to maintain high diversity and high credit quality.

2. Investment Advisory Services Contract Extension with PFM

- Staff presented the Committee with a report and background information relating to the professional services contract with PFM Investment Advisors.
 - The current contract term began in October 2017 and will expire in October 2020.

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- Staff recommended extension of the contract for two additional years based on excellent service.
- The Committee endorsed the proposed extension.
- Mr. Babbe left the meeting at 10:27 am.

3. Amend Administrative Policy No. 2.1 and Employee Policy No. 4.8, Travel and Conference Guidelines

- Staff proposed amendments to the District's policies that relate to travel and conferences: Administrative Policy No. 2.1 Board Member Travel & Conference Guidelines and Employee Policy No. 4.8 Employee Travel and Conference Guidelines.
- Several minor revisions to the policy include language updates and clarifying internal procedures. The most significant proposed revision is the inclusion of language that sets the periodic review of these policies to a biennial basis. The Finance Committee recommended additional clarification regarding meals, which we will incorporate into the final draft policies presented to the Board of Directors on August 25, 2020.
- The Committee endorsed the proposed revisions.

4. Regional Water Policy and Management MOU

- Staff provided an overview of the MOU to explain the purpose and intent of the agreement to work together with other retail water agencies to implement joint planning efforts and reduce costs.

5. Rate Study Update

- Staff provided a brief report on the revised work plan and timeline for the rate study due to the impacts of the pandemic restrictions.
 - The Financial Model will be updated to incorporate the FY2021-FY2022 Budget and the FY2020 actual results.
 - The estimated timeline of the rate study process includes a Board workshop in January 2021 and a public hearing in March 2021.

Meeting Adjourned at 11:02 a.m.