


**FINANCE & ADMINISTRATION COMMITTEE MEETING
SUMMARY MINUTES**

May 23, 2023

3:00 P.M.

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy 
Staff: Ed Stevenson, Jonathan Wunderlich, Sydney Oam, Roseann Marquez, Amy Reeve
Consultant: Carlos Oblites – Chandler Asset Management

This meeting was conducted in person at the District’s Headquarters and virtually by Zoom Webinar and Teleconference, and members of the public were invited to participate. Materials presented to the Committee were posted in advance of the meeting at www.acwd.org.

DISCUSSION TOPICS

1. Investment Policy Review: Jonathan Wunderlich, Director of Finance and Administration, and Carlos Oblites with Chandler Asset Management, reviewed the Statement of Investment Policy as part of the annual review process of the District’s financial policies. Staff and the District’s investment portfolio manager, Chandler Asset Management, completed a review of the investment policy to look for any new best practices to help the District manage risks and ensure that the policy continues to meet the requirements of state law. It has been determined that the policy is up to date for legal compliance. The only change staff is proposing at this time is to update the effective date of the policy to confirm continued delegation of day-to-day investment management authority to the District’s Treasurer. The attached updated investment policy will be presented to the Board for approval at the June 2023 meeting. Mr. Wunderlich and Mr. Oblites responded to questions from the Committee.

2. Reserve Policy Review: Sydney Oam, Financial Analysis Supervisor, reviewed the Reserve Policy as part of the annual review process of the District’s financial policies. The District maintains several reserve funds to ensure that sufficient resources are available to meet operating expenses, capital expenditures, debt service obligations, and address unanticipated events. After discussion, the Committee suggested that the District should reference the \$10 million emergency line of credit that the District has with JP Morgan Chase in the Reserve Policy. Staff proposed to add language in the Reserve Policy to note that the District retains a \$10 million line of credit to finance emergency response activities, such as a major disaster, when necessary. No other changes are proposed to the Reserve Policy. The updated Reserve Policy will be presented to the Board for approval at the June 2023 meeting in conjunction with adoption of the District’s two-year budget. Mr. Oam responded to questions from the Committee.

3. Income Statement: Roseann Marquez, Accounting Supervisor, reviewed the FY 2022/23 income statement through April 2023. Water sales increased by \$4,258,000 compared to the prior fiscal year, primarily due to the rate increase and implementation of stage rates. Facilities connection charges increased by \$2,534,000 due to an increase in construction activity and large payments from developers compared to the prior year. Water purchases were higher by

\$3,599,000 largely due to the increase in San Francisco water purchase costs. Overall, the District's net position increased by \$34,544,000 for the fiscal year through March 2023. Ms. Marquez responded to questions from the Committee.

4. Budget Report: Mr. Oam reviewed the FY 2022/23 monthly budget report and reserve funds through April 2023. The Administration & General expenses are over budget primarily due to the prepayment the District made to CalPERS at the beginning of the fiscal year. Staff anticipates spending down the balances in the Facilities Renewal Funds by the end of the fiscal year. The Management Retirement Bonus Reserve amount will be updated to reflect the remaining five employees that meet the eligibility requirements. Mr. Oam responded to questions from the Committee.
5. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.