

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, NOVEMBER 16, 2020 AT 4:00 P.M.  
VIA TELECONFERENCE

Director Martin called the meeting to order at the hour of 4:00 p.m. The meeting was held via teleconference.

Present:                    Director Sannella  
                              Director Martin  
                              General Manager Pruim  
                              Finance Manager Owen  
                              Principal Financial Analyst Arthur  
                              Executive Secretary Posvar

Others Present:        Shannon Ayala, DavisFarr LLP  
                              Genny Lynkiewicz, Chandler Asset Management

ITEM(S) FOR DISCUSSION

AUDIT RESULTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT

Finance Manager Owen introduced Shannon Ayala of DavisFarr LLP. Ms. Ayala provided a presentation on the audit result for Fiscal Year (FY) Ended June 30, 2020 as follows:

- Audit Reports
- Internal Controls
- Audit Results
- Compliance Results
- Areas of Audit Focus
  - Construction in Progress
  - Other Post Employment Benefit Obligations
  - Disbursement Testing
- Upcoming GASBs (Governmental Accounting Standards Board)

Ms. Ayala stated the auditors issued an unmodified opinion dated November 12, 2020 on the District's Comprehensive Annual Financial Report which is the highest level of audit opinion that can be received. The financial statements and footnotes are presented fairly, in all material respects, in accordance with generally accepted accounting principles. A recommendation was made to review capital asset projects in construction to ensure they are properly reported.

General discussion took place regarding the tracking of expenses for various types of construction projects and steps staff is taking to improve the tracking process.

General Manager Pruim stated this information will be presented to the Board at their Regular Board meeting on November 18, 2020.

### ANNUAL INVESTMENT POLICY

Finance Manager Owen stated staff is required to provide the Board an annual update on the District's investment policy. He introduced Jenny Lynkiewicz of Chandler Asset Management. Ms. Lynkiewicz discussed changes in California government code and Chandler's best practices, and recommendations for revisions to the investment policy. The recommendations for consideration include adding broker/dealers to the list of authorized financial institutions, increasing the limit per U.S. agency from 25% to 30%, allowing the purchase of commercial paper offered by limited liability corporations, possibly increasing the amount of commercial paper purchases allowed in the portfolio from 25% to 40%, purchasing securities with a 0% or negative interest rate, and clarifying language pertaining to money mutual funds, money market mutual funds, and the downgrade policy.

Finance Manager Owen stated this information will be presented to the Board at the December 2 Regular Board meeting.

### INVESTMENT PORTFOLIO UPDATE

Ms. Lynkiewicz facilitated a presentation on the investment report which included the following:

- Economic Update
- Account Profile
- Consolidated Information
- Portfolio Holdings
- Transactions

### CALPERS ADDITIONAL DISCRETIONARY PAYMENT UPDATE

Finance Manager Owen stated that in accordance with the District's Unfunded Accrued Liability (UAL) funding policy approved by the Board on June 3, 2020, an additional discretionary payment in the amount of \$4,027,000 was made to CalPERS on October 29, 2020. The UAL balance for FY 2022 was projected to be \$7,273,000; however, after the October payment, the balance is now projected to be \$7,690,483.

Finance Manager Owen provided a brief overview of the District's UAL funding policy. The unpaid UAL balance will be addressed next year during the budget process.

### OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:58 p.m.