



BEAUMONT-CHERRY VALLEY WATER DISTRICT
560 Magnolia Avenue, Beaumont, CA 92223

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, November 4, 2021 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:03 p.m.

Announcement of Teleconference Participation

Senior Finance and Administrative Analyst William Clayton announced that the teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Operations James Bean Senior Engineer Mark Swanson Senior Finance and Administrative Analyst William Clayton Senior Accountant Sylvia Molina Administrative Assistant Cenica Smith Director of Information Technology Robert Rasha
Members of the public who registered:	Mia Corral Brown Larry Smith, San Geronio Pass Water Agency

PUBLIC INPUT:

ACTION ITEMS

1. Adjustments to the Agenda: *None.*
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meeting of October 7, 2021

The Committee accepted the minutes of the Finance and Audit Committee regular meeting of October 7, 2021 by consensus.

3. Receive and file the Check Register for the Month of September 2021

The Committee received and filed the September 2021 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the September 2021 Budget Variance Reports
- b. Review of the September 30, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of October 2021
- d. Review of October 2021 Invoices Pending Approval

Chair Hoffman observed that the budget is on target for the year. Senior Engineer Swanson and General Manager Dan Jagers detailed the non-operating revenue. Developer deposits are short by approximately 27 percent due to a building slowdown, but will likely materialize next year, Jagers said.

Water sales through September may be higher but budget is at or near where anticipated, Jagers noted.

Jagers reminded the Committee about the budget adjustment approved by the Board related to increased Southern California Edison power costs.

Director of Operations James Bean briefed the committee on well and pump maintenance and repair issues.

In response to a question from Chair Hoffman, General Manager Jagers explained that the air conditioning system is on a timer.

After review and discussion, the Committee recommended presenting the Financial Reports to the Board for approval.

5. Expense and Per Diem Compensation Claims Submitted for Approval

The Committee reviewed the reports. Director Hoffman clarified that the meetings of the San Geronio Pass Water Agency are preapproved for director attendance.

Director Williams asked about the ongoing meeting teleconferencing option. Mr. Jagers advised about the requirements of AB 361.

In response to Director Williams, Jagers advised that the Board can make changes to the Preapproved Events List at any time.

6. Review of Revenues Loss, Accounts Receivable Balances, and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

General Manager Jagers advised that the Governor extended the moratorium on shut off until December 31, and this results in lost revenue and inability to shut off customers who are not paying.

Jagers reminded the Committee that credit card processing fees were reinstated. Director Hoffman asked about the charge, and Ms. Molina reported it is a flat rate of \$1.75 for residential and explained commercial rates.

Mr. Jagers reviewed the report. The District's exposure appears low, he stated.

Director Hoffman asked about the difference in comparison of operating activities. Jagers explained there are differences in payments to suppliers, and less imported water purchases this year, as water has not been available.

7. Review, Discussion and Possible Recommendation of Chandler Asset Management contract

Jagers reminded the Committee about previous discussion on use of Chandler Asset Management (Chandler). The goal is to make a recommendation to the Board regarding investment advisory services.

Ms. Mia Corral Brown, Senior Relationship Manager, reviewed the services provided by Chandler and provide an overview of options for BCVWD.

Ms. Brown responded to specific questions from Director Hoffman about liquidity, strategy, safety, and reporting. This is a way to actively manage the District's portfolio and to create a reserve, Brown explained. Mr. Clayton noted that the funds currently in LAIF would stay in LAIF.

The typical agreement with public entities is a two-year term with two one-year extensions, Brown said, but this is not locked in.

The Board indicated desire to something more than what was being done, Jagers explained, Staff's recommendation is to begin to work with Chandler. He drew attention to the Chandler agreement and Mr. Clayton advised that is has been vetted and additions made by District legal counsel.

Director Hoffman stated that upon engagement, he would like to review from where money is taken and moved to, how it is administered, the related expenses, and the return. He indicated satisfaction with the information so far. Ms. Brown assured that the priority would be safety.

Director Williams said she has been impressed with the presentations and information and this is a big move forward toward earning extra money.

By consensus, the Committee approved the Chandler Asset Management agreement to be forwarded to the full Board of Directors for consideration. There was no vote.

8. Review and Discussion of Preliminary (DRAFT) Operating and Capital Improvement Budget for 2022

Mr. Jagers presented the budget and advised that the numbers presented have a high potential of being affected by any recommendations from the classification study or the compensation study. He reviewed staffing and pointed out the inclusion of additional staff as discussed with the Board and Personnel Committee.

As provided in the employee Memorandum of Understanding, the budget includes a 5.3 percent Cost of Living Adjustment (COLA) for 2022.

Ms. Molina noted that some line items have been rounded up and advised these can be changed if the Committee is not in agreement. She noted a Special Meeting

scheduled for November 22 to review the draft budget document. The numbers shown here will be reflected unless the Committee has concerns or something for staff to address.

Mr. Jagers requested the Committee review the budget in preparation for the Nov. 22 meeting. He pointed out the updated schedule for the action items.

Mr. Clayton explained carry-over items to be included in the 2022 allocation.

Mr. Jagers assured the Committee that processes are improving.

9. Action List for Future Meetings

- *Fleet Maintenance opportunities*

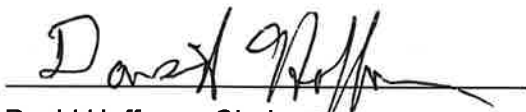
ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, Nov. 10, 2021 at 6:00 p.m.
- District offices will be closed Thursday, Nov. 11, 2021 in observance of Veterans Day
- Personnel Committee Meeting: Monday, Nov. 15, 2021 at 5:30 p.m.
- Finance & Audit Committee Special Meeting: Monday, Nov. 22, 2021 at 3:00 p.m.
- Engineering Workshop: Monday, Nov. 22, 2021 at 6:00 p.m. (Note date change due to holiday)
- District offices will be closed Thursday, Nov. 25, 2021 in observance of Thanksgiving Day
- Beaumont Basin Watermaster Meeting: Wednesday, Dec. 1, 2021 at 11:00 a.m.
- Finance and Audit Committee Meeting: Thursday, Dec. 2, 2021 at 3:00 p.m.
- Collaborative Agencies Meeting: Wednesday, Jan. 5, 2022 at 5:30 p.m.

Chair Hoffman allowed a public comment period. Mr. Larry Smith expressed support for Mr. Jagers in attending SGPWA meetings and a goal of creating public policy that benefits all customers.

ADJOURNMENT: 4:29 P.M.



David Hoffman, Chairman
to the Finance and Audit Committee
of the Beaumont-Cherry Valley Water District