



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, July 6, 2023 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:04 p.m.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Finance and Administration Kirene Bargas, PhD Director of Information Technology Robert Rasha Director of Operations James Bean Finance Manager William Clayton Senior Management Analyst Sylvia Molina Management Analyst II Lorena Lopez Management Analyst I Erica Gonzales Water Utility Supervisor Julian Herrera Administrative Assistant Cenica Smith
Members of the public:	Larry Smith, San Geronio Pass Water Agency (SGPWA)

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda: None.
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meeting

The Committee accepted the minutes of the Finance and Audit Committee Meeting of June 1, 2023 by consensus.

3. Receive and file the Check Register for the Month of May 2023

The Committee received and filed the May 2023 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the May 2023 Budget Variance Reports
- b. Review of the May 31, 2023 Cash and Investment Balance Report
- c. Review of Check Register for the Month of June 2023
- d. Review of June 2023 Invoices Pending Approval

Chair Hoffman noted increases in the rates of return. He pointed out that non-operating revenue is at only 8.16 percent of amount budgeted. Ms. Lopez provided detail, and General Manager Jagers noted those are restricted funds.

Jagers advised that soon the District will need Board authorization to increase purchases of available imported water supply. He reviewed the current water order and said he would be discussing needs with SGPWA General Manager Lance Eckhart. Chair Hoffman noted that the funds are available, and the Board has indicated its support.

Chair Hoffman invited public comment. There was none.

Director of Finance and Administration Kirene Bargas, PhD summarized the cash and investments report indicating total investment value of \$83,198,357.30. Chair Hoffman noted a slight drop from the prior month; Director Williams stated it was a \$70,000 difference. Staff explained the market value will fluctuate.

The Committee noted that paving expenses were excessive at \$46,644 for 14 repairs, four in the City of Beaumont totaling about \$20,600. The other 10 repairs totaled \$25,000. City of Beaumont encroachment permits totaled \$1,300.

Director Williams emphasized the need to proofread items produced by Infosend.

Staff responded to committee inquiries about the following items:

- *Legend Pump and Well Service emergency booster repair*
- *Recycled water facilitator 1/3 share of costs*
- *MCC Equipment Rentals duplicate payment*

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 Expense and Per Diem Compensation Claims without comment.

6. Proposed Revisions to Policy 5045: Investment of District Funds

Finance Manager Bill Clayton advised that this policy is typically brought annually to the Board, but due to changes in law identified by the investment advisor this is being brought forward now.

Clayton reviewed the proposed amendments.

Chair Hoffman pointed out that these amendments were brought to the District's attention by Chandler Asset Management (Chandler), and asked what the update process had been prior to Chandler's involvement. Mr. Clayton explained the process and notices from the California Debt and Investment Advisory Commission. The policy is submitted to the California Municipal Treasurers Association (CMTA) for consideration for award.

The Finance and Audit Committee recommended the amendments to Policy 5045 for consideration by the Board of Directors by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

7. Pension Trust Fund and Policy Discussion

Finance Manager Bill Clayton presented the materials for Committee review in the next two months and further discussion at the August meeting. Mr. Jagers reminded the Committee about the presentation by Urban Futures regarding unfunded CalPERS pension liability and other post-employment benefits (OPEB). A trust was established for OPEB, he added. This is to address the other liability and create a lower reportable liability.

There are already assets accumulating for this liability via payments to CalPERS, Clayton explained. This is to take that a step further toward stability. He detailed the components of the plan.

Mr. Jagers noted the difference between classic CalPERS members and those under the Public Employees Pension Reform Act (PEPRA). Net pension liability as of December 31, 2022 was \$3.6 million, Clayton noted.

Director Williams asked about startup costs, and Clayton noted there is a monthly fee of 25 basis points of the investment.

Urban Futures recommended adopting formal funding policies and that was done last year, and the water rate study provided for collection of two amounts: one for OPEB (\$104,000 annual contribution to the trust) and \$45,000 set aside per year for the pension liability, Clayton explained. In response to Chair Hoffman, he noted the money goes into an irrevocable trust.

Mr. Clayton responded to more detailed questions from the Committee and Chair Hoffman said he would absorb the material prior to making a recommendation to the Board.

Discussion continued on CalPERS requirements and program strategy and details.

8. Update: BCVWD 2024 Operating Budget Timeline

Senior Management Analyst Sylvia Molina advised that budget preparation for 2024 has already begun. She reviewed the completed items on the timeline and highlighted dates for the budget process.

Staff anticipates scheduling a special meeting of the Finance and Audit Committee on October 19 to review the budget, so any changes may be incorporated by November 2 into a cleaner draft to go to the full Board on November 8.

General Manager Jaggars advised the Committee to prepare for discussion on water supplies for next year.

9. Report: On-Call Land Surveying Services contracts update

Mr. Jaggars reviewed the costs of \$300,000 of potential contracting. Service was used for replacement pipelines, and more work is coming up.

In response to Director Williams, Jaggars explained a diversion point on Oak Glen Road marked by a wagon wheel axle grown into a tree which needs to be documented. Projects will be combined for economies of scale.

The Committee requested this report quarterly.

10. Action List for Future Meetings

- Chandler Asset Management update
- Procurement of additional water supplies

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, July 12 at 6 p.m.
- Beaumont Basin Watermaster Committee Special Meeting / Workshop: Thursday, July 13 at 2 p.m.
- Personnel Committee Meeting: Tuesday, July 18 at 5:30 p.m.
- San Geronio Pass Regional Water Alliance: Wednesday, July 26 at 5 p.m.
- Engineering Workshop: Thursday, July 27 at 6 p.m.
- Beaumont Basin Watermaster Committee Meeting: Wednesday, Aug. 2 at 11 a.m.
- Finance and Audit Committee Meeting: Thursday, Aug. 3 at 3 p.m.

ADJOURNMENT: 4:34 P.M.



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