



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, December 4, 2025 at 3:00 p.m.**

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:13 p.m.*

**Attendance**

|                        |  |
|------------------------|--|
| Directors present:     | Director David Hoffman and Director Lona Williams  |
| Directors absent:      | None   |
| Staff present:         | Director of Information Technology & Cybersecurity Robert Rasha<br>Director of Finance and Administration Sylvia Molina<br>Human Resources and Risk Manager Ren Berioso<br>Finance Manager William Clayton<br>Management Analyst II Melissa Rodriguez-Elizondo<br>Management Analyst I Edith Garcia<br>Administrative Assistant Cenica Smith |
| Members of the public: | None   |

**PUBLIC COMMENT:** None.

**ACTION ITEMS**

- 1. Adjustments to the Agenda:** None.
- 2. Review and Acceptance of the Minutes of the Finance and Audit Committee**
  - November 6, 2025 Regular Meeting

*The Committee accepted the minutes as presented by the following vote:*

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

- 3. Receive and file the Check Register for the Month of October 2025**

*The Committee received and filed the Check Register as presented by the following vote:*

|                |                    |              |
|----------------|--------------------|--------------|
| MOVED: Hoffman | SECONDED: Williams | APPROVED 2-0 |
|----------------|--------------------|--------------|

|          |                   |
|----------|-------------------|
| AYES:    | Hoffman, Williams |
| NOES:    | None              |
| ABSTAIN: | None              |
| ABSENT:  | None              |

#### 4. Financial Reports/Recommendations

- a. Review of the October 2025 Budget Variance Reports
- b. Review of the October 31, 2025 Cash and Investment Balance Report
- c. Review of Check Register for the Month of November 2025
- d. Review of November 2025 Invoices Pending Approval

*Staff highlighted and/or responded to committee inquiries about the following items:*

- Director Williams asked about the Board of Directors' budget, specifically how expenses compared to prior years if election costs were removed. Ms. Molina responded that roughly half of the budgeted amount related to election expenses. There were no election expenses in 2025, but three Board seats will be up for election in 2026, with costs dependent on whether races were contested. The last election cost approximately \$148,000.
- The grant revenue line item was over budget because the ARPA-funded project was completed earlier than expected, and all grant funds were received in 2025 rather than being split into 2026. The 2026 budget had already been adjusted to reflect this one-time funding completion.
- Overall spending was tracking close to projections, with approximately 28% of the budget remaining after 10 months, consistent with expectations for this point in the fiscal year. Hoffman highlighted that the District maintained sufficient liquidity for more than six months of operations, per District policy.
- Hoffman asked whether there were procedures to follow if reserves ever fell below the requirement. Molina explained that staff would explore financing or borrowing options but emphasized that current trends were stable. Director Williams commented on the strong reserves, and Molina noted that the Committee's monthly financial oversight helped ensure early detection of potential issues.
- The District's portfolio was earning close to 4%, significantly exceeding budgeted interest income projections. The new interest-bearing checking account began generating income when the agreement took effect in January 2025, with the first deposits reflected in March, producing about \$700–\$900 per month in earnings depending on balances. Annual earnings were expected to exceed \$10,000 going forward.
- Local Agency Investment Fund (LAIF) interest was credited quarterly, so none appeared yet for the current reporting period.
- Clayton summarized Chandler Asset Management's October 2025 market commentary, noting that Treasury yields had decreased slightly, the Federal Reserve cut rates by 0.25%, and portfolio returns continued to outperform benchmarks by 62 basis points since inception. Chandler provided transaction confirmations for each investment purchase or sale, ensuring staff could track all portfolio activity daily.
- Two checks to Cherry Valley Automotive for the same vehicle repair (wheel bearings and fuel tank on Unit 108): the split reflected separate lines for labor (non-taxable) and parts (taxable) on the same invoice.
- Glenview High School check was a pass-through payment for meter installations, reimbursed by the school.

- \$100 payment to the Fair Political Practices Commission (FPPC), noting it was a late fee for a required Form 700. Hoffman confirmed that all directors and designated staff must file Form 700s under the Conflict of Interest Policy.
- Refund checks to Tri Pointe Homes were developer deposit refunds for completed project phases, reconciled in coordination with Engineering staff. Staff audited records to ensure accuracy before issuing refunds. The deposits were restricted funds, often collected for GIS and inspection work, and system upgrades had since reduced associated costs.
- Similar transactions for Pardee Homes were noted later in the register, representing additional project closeout refunds.
- A \$13,000 payment for vehicle leases covered 10 leased vehicles. Maintenance charges were monthly service fees that included regular maintenance costs. Hoffman questioned whether the District had compared the cost of leasing versus purchasing vehicles. The Director of Operations had conducted a cost analysis before the lease program began, determining leasing provided flexibility for fleet electrification and growth needs. The District retained the option to purchase vehicles at lease-end, and any such decision would go to the Board for approval.
- The Committee noted additional refund transactions to Pardee Homes, confirming they were the same reconciliation type as Tri Pointe's.

*The Committee recommended presenting the financial reports 4a to 4d to the Board of Directors for approval by the following vote:*

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

## 5. Expense and Per Diem Compensation Claims Submitted for Approval

The Committee reviewed the Expense and Per Diem Compensation Claims.

*The claims were approved by the following vote:*

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

## 6. Report on Director Event Attendance

*The Committee reviewed the report without comment.*

## 7. Updates to Draft Fiscal Year 2026 Operating Budget & 2026-2030 Capital Improvement Budget

- No changes had been made to the operating budget since the prior review; net revenue and net expenses remained unchanged, with the budget still showing a positive balance of \$1,312,700.
- Only minor updates had been made to the budget document, and the full revised version was included in the packet for the upcoming Board meeting.

- Minor edit on the Board of Directors page: the addition of the word “degree” after the listed Masters degrees for Director Williams and Director Ramirez.
- On the Salary Schedule page, removed the yellow highlight from the Administrative Clerk position, since that new position had already been reviewed with the Personnel Committee.
- The Financial Management & Policy Framework graphic was updated—no text changes, only the image.
- On the Statement of Revenues and Expenses, a change was made to the Capital Improvement Budget (CIP):
  - The Zone 3040 (Highland) Storage Tank project cost increased from \$4.2 million to \$8.1 million due to higher bid results.
  - The project had been discussed at recent Board meetings, and the increase was incorporated into the CIP and rolled into the financial summaries.
- The water truck previously shown in the 2026 CIP had been removed, since the District received it earlier than anticipated (in 2025).
- A typo correction on the Department Summary, where a “J” was replaced with an “8” under CIP-related labor.
- Based on prior discussion at the November F&A meeting, the Engineering Department accomplishments page had been updated to reflect activities related to the transmission pipeline, Well 1A re-drilling, and initiating Well 2A.
- Dollar-value changes were limited to the two CIP items (tank project increase and water truck removal). Everything else consisted of minor word-processing edits.
- The version going to the Board would include updated director titles after the Board reorganizes at the December 10 meeting.

*The Committee recommended presenting the FY 2026 Budget document to the Board of Directors for approval by the following vote:*

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

## 8. Chandler Asset Management – Authorization of Contract Extension

Bill Clayton reviewed the final one-year contract extension for Chandler Asset Management, noting that the District had originally entered into a one-year contract with Chandler when investment advisory services were first initiated, and that annual extensions had been used since then. The contract now approached its fifth year of service, and Chandler had consistently provided reliable reporting and high-quality support for the District’s investment activities.

Staff reviewed the fee structure contained in the existing agreement, noting that Chandler’s fees were set at 10 basis points for the first \$25 million under management and 8 basis points for the next \$25 million, with the District’s current invested balance remaining below that threshold. Chandler’s fees had remained unchanged since the original contract. The

Committee discussed the monthly cost, with staff estimating total fees at roughly \$3,300 per month, deducted directly by the District's custodial bank as standard practice.

Staff also explained why the original agreement had been structured as a single-year contract with annual extensions. Because the service was new to the District at the time, leadership wanted to ensure the arrangement would be effective before committing to a longer term. Staff noted that, going forward, the next procurement cycle might return to the District's more typical structure of a three-year contract with optional extensions, consistent with other professional service agreements. The Committee also discussed contract flexibility, and staff confirmed that termination provisions were included to allow for cancellation with appropriate notice if needed.

*The Committee recommended the Chandler Asset Management contract be presented to the full Board for consideration by the following vote:*

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

## **9. Policies and Procedures Manual Updates/Revisions amending Policy Number 5045 Investment of District Funds**

Bill Clayton advised that state law requires the Board to review and approve the investment policy each year. The policy review was coordinated with the District's investment advisor, Chandler Asset Management, to ensure compliance with recent legislative changes and alignment with current investment practices. The proposed updates were described as minor and technical, with no change to the District's overall investment philosophy or risk posture.

Clayton summarized two primary policy updates driven by recent legislation and emphasized that changes aligned the policy with state law and did not obligate the District to alter its current conservative investment practices. Language related to local government investment pools was clarified without changing existing limits.

Director Williams asked detailed questions regarding requirements applied to joint powers authorities versus other local government investment pools. She sought clarification on whether certain eligibility conditions applied to both categories. Staff explained that the language was reorganized to create clearer headers and subsections, and confirmed that the substantive requirements remained consistent with prior policy intent.

Director Williams expressed concern about misinterpretation and requested confirmation that requirements were not unintentionally duplicated or omitted. Staff explained that the final version would reflect a clearer hierarchy, ensuring that eligibility conditions were properly nested under the correct investment categories. Williams indicated that her questions were focused on clarity rather than substance.

Staff noted a second legislative update extending the sunset date for investments in certain U.S. government-backed securities that could result in zero or negative interest accrual if held to maturity. Staff clarified that this extension merely updated the policy to reflect state law and did not signal an intent to pursue such investments.

*The Committee recommended Policy 5045 Investment of District Funds be presented to the full Board for consideration by the following vote:*

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

#### **10. Policy Tracking Matrix Progress Dashboard**

Staff reported on the status and sequencing of upcoming policy updates. Staff has been working on multiple interrelated policies. A draft Credit Card Policy had been deferred from the current meeting due to new considerations and would be brought back after further refinement. Ms. Molina outlined the anticipated sequence of policy updates, including the Purchasing Policy. She noted that Human Resources policies were largely complete but subject to more frequent changes than expected. Mr. Clayton added that a new item had been added to the tracking table related to reserves, explaining that the District's reserve policy currently existed only as a Board resolution and had not been formally codified in the Policies and Procedures Manual. He stated that staff planned to incorporate and update the reserve policy, with the item anticipated for consideration in February.

*The Committee acknowledged the policies to come before the Committee at subsequent meetings by the following vote:*

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

#### **ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Regular Board Meeting: Wednesday, Dec. 10, 2025 at 6 p.m.
- District Offices will be closed on the following holidays:
  - Thursday, Dec. 25, 2025 – Christmas Day
  - Thursday, Jan. 1, 2026 – New Year's Day
- Finance & Audit Committee meeting: Thursday, Jan. 8, 2026 at 3:00 p.m. (Pending adoption of 2026 Meeting Schedule / Note change of date due to holiday)
- Collaborative Agencies Committee: Wednesday, Jan. 7, 2026 at 5 p.m.
- Regular Board Meeting: Wednesday, Jan. 14, 2026 at 6 p.m.
- District Offices closed Monday, Jan. 19, 2026 in observance of Martin Luther King Jr. Day
- Personnel Committee: Tuesday, Jan. 20, 2026 at 5:30 p.m.
- Engineering Workshop: Thursday, Jan. 22, 2026 at 6 p.m.
- San Gorgonio Pass Regional Water Alliance: Wednesday, Jan. 28, 2026 at 5 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Feb. 4, 2026 at 11 a.m.

#### **ADJOURNMENT: 4:12 P.M.**



David Hoffman, Chairman

to the Finance and Audit Committee of the Beaumont-Cherry Valley Water District