



## TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | DECEMBER 12, 2018

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### **DIRECTORS PRESENT**

Director Don Chadd, Committee Chair  
Director Glenn Acosta, Committee Member

### **STAFF PRESENT**

Michael Perea, Interim General Manger  
Karen Warner, Senior Accountant  
Lisa Marie Sangi, Administrative Assistant

### **DISTRICT CONSULTANT(S) PRESENT**

Paul Kaymark, Platinum Consultants

### **PUBLIC PRESENT**

There were members of the public present.

### **CALL MEETING TO ORDER**

Director Chadd called the December 12, 2018 Finance/Audit Committee Meeting to order at 6:00 P.M.

### **VISITOR PARTICIPATION**

No visitor participation was received.

### **ORAL COMMUNICATION**

No oral communication was received.

### **COMMITTEE MEMBER COMMENTS**

No Committee Member comments were received.

### **REPORT FROM THE ACTING GENERAL MANAGER**

Mr. Perea reported that a District vehicle was involved in a minor accident but that the staff member was not harmed.

Mr. Perea reported that the Oath of Office will be administered at the Regular Board Meeting for the Directors elected in the November 2018 General Election.

### **ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

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The November 14, 2018 Finance/Audit Committee Meeting Recap was presented to the Committee.

### **RECOMMENDED ACTION:**

The Committee recommended that the November 14, 2018 Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

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**ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS**

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Mr. Perea presented this matter for Committee consideration and review. Director Chadd provided corrections to his schedule for the month of November 2018.

**RECOMMENDED ACTION:**

The Committee recommended that the Directors' Fees and Expenses for November 2018, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

**ITEM 3: DISCUSSION CONCERNING UPDATES TO TRABUCO CANYON WATER DISTRICT'S CONFLICT OF INTEREST CODE**

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Mr. Perea presented this matter for Committee review, and he reported that the District's Conflict of Interest (COI) Code was updated last formal update was in 2009. Mr. Perea recommended updating the COI Code with two (2) new positions created since that time: Assistant General Manager and Principal Engineer which is similar to neighboring water agencies. Discussion occurred concerning the inclusion of Consultant as a position in the District's COI Code. Director Chadd requested that District staff review the matter of including Consultants on the COI Code with General Legal Counsel.

**RECOMMENDED ACTION:**

The Committee received the information concerning the matter and recommended that District staff review the proposed Conflict of Interest Code update with General Legal Counsel prior to forwarding to the Board of Directors for approval by Resolution (Action Calendar).

**ITEM 4: DISCUSSION CONCERNING AMENDMENT NO. 2 TO SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) CONTRACT SERVICES AGREEMENT WITH OLIN CORPORATION FOR CHLOR-ALKALI PRODUCTS**

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Mr. Perea presented this matter for Committee review, and he reported that the District currently contracts for disinfection chemicals (sodium hypochlorite) as a member of the South Orange County Wastewater Authority (SOCWA). Mr. Perea added that SOCWA has negotiated a one-year contract extension with Olin Corporation which has been approved by the SOCWA Board of Directors. Mr. Perea recommended forwarding this matter to the Board of Directors on the Consent Calendar as the agreement has been approved by the SOCWA Board of Directors. The Committee expressed support for Mr. Perea's recommendation.

**RECOMMENDED ACTION:**

The Committee received the information concerning the matter that the Board of Directors authorize the Interim General Manager to execute Amendment No. 2 to the Contract Services Agreement Between the South Orange County Wastewater Authority and Other Public Entities and Olin for the Delivery and Supply of Chlor-Alkali Product to SOCWA Wastewater Treatment Facilities (Consent Calendar).

**ITEM 5: OTHER MATTER**

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Mr. Perea had no other matters to discuss.

Discussion occurred concerning the matter of sales and use tax on chemicals used in disinfection processes.

**RECOMMENDED ACTION:**

The Committee received the information concerning the matter. No recommendations were made

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**ITEM 6: FINANCIAL REPORT**

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Mr. Perea presented the preliminary unaudited financials for October 2018 to the Committee for review and comment, and he highlighted the following items:

***Operating Revenue, Residential Water Revenue***

Mr. Perea reported that this line item was lower than the prior month due to decreased water demands.

***Operating Revenue, Business & Industrial Water Revenue***

Mr. Perea reported that this line item was lower than the prior month due to decreased water demands.

***Operating Revenue, Baker Treatment Plant Water Sales***

Mr. Perea reported that this line item was higher than the prior month due to more water sales to the City of San Clemente.

***INVESTMENT SCHEDULE***

Mr. Perea reported that the District's investments in the California Local Agency Investment Fund (LAIF) was currently receiving greater than a two-percent interest rate.

Discussion occurred concerning the shared quarterly costs with Santa Margarita Water District.

**RECOMMENDED ACTION:**

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for December 12, 2018 as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the December 12, 2018 Finance/Audit Committee Meeting at 6:17 PM.