



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2020**

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Mike Safranski, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager / Board Secretary
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

STAFF PRESENT VIA CONFERENCE CALL

Lorrie Lausten, District Engineer

PUBLIC PRESENT VIA CONFERENCE CALL

There was one caller.

CALL MEETING TO ORDER

Director Chadd called the November 10, 2020 Finance/Audit Committee Meeting to order at 1:02 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

No comments were received.

REPORT FROM THE GENERAL MANAGER

No comments were received.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

RECOMMENDED ACTION:

The Committee recommended that the Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors for approval (Consent Calendar).

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

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Director Chadd commented that the Director Meeting with the General Manager on October 20, 2020 did not occur, and he requested that it be removed from his schedule.

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RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses Report for October 2020, and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: DISCUSSION AND ACTION ON CONTRACT CHANGE ORDER NO. 2 FOR RAFTELIS FINANCIAL CONSULTANTS FOR TRABUCO CANYON WATER DISTRICT'S RATE ANALYSIS FOR WATER, WASTEWATER, AND NON-DOMESTIC WATER RATES AND CHARGES AND RELATED MATTERS

Mr. Paludi presented this matter for Committee review, and he reported that Raftelis Financial Consultants (Raftelis) had submitted a contract change order for additional work related to the changes in the rate model and the development of the Notice of Public Hearing. Discussion occurred concerning project costs to date and notification requirement compliance.

RECOMMENDED ACTION(S):

The Committee recommended the Board of Directors authorize the General Manager to execute the Raftelis Financial Consultants Contract Change Order No. 2 in the amount of \$8,950 (Action Calendar).

ITEM 4: DISCUSSION AND ACTION ON COMMON INTEREST AGREEMENT REGARDING THE ALLEN MCCOLLOCH PIPELINE SALE AGREEMENT TO METROPOLITAN WATER DISTRICT

Mr. Paludi presented this matter for Committee review, and he provided a brief overview of the issues leading to the development of the common interest agreement. Mr. Paludi indicated that participant agencies have raised certain issues and questions related to the sale of the Allen McColloch Pipeline (AMP) to Metropolitan Water District of Southern California (MET), and that Municipal Water District of Southern California (MWDOC) is working with their General Legal Counsel has prepared a legal analysis of the matter and recommends a participant agency meeting to determine if there are any necessary changes to be made to the agreement. Mr. Paludi recommended that the Board of Directors approve and authorize the execution of the Common Interest Agreement Regarding the Allen McColloch Pipeline Sale Agreement to Metropolitan Water District.

RECOMMENDED ACTION(S):

The Committee recommended the Board of Directors authorize the General Manager to execute the Common Interest Agreement Regarding the Allen McColloch Pipeline Sale Agreement to Metropolitan Water District (Action Calendar).

ITEM 5: OTHER MATTERS

Mr. Paludi provided a brief update concerning the Public Hearing for the proposed Water, Wastewater, and Recycled Water Rates and Charges scheduled for December 16, 2020, and he reminded the Committee that the District's Administration Facility will be closed in observance of the Veteran's Day Holiday on November 11, 2020.

RECOMMENDED ACTION:

No action was taken.

ITEM 6: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for September 2020 for Committee consideration.

STATEMENT OF REVENUES AND EXPENSES

Operating Revenue, Residential Water Revenue

Ms. Warner reported that this line item was slightly lower than the previous month due to lower water demands, but that the year to date was higher than anticipated.

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Operating Revenue, Baker Treatment Plant Water Sales

Ms. Warner reported that this line item was higher than the prior month due to increased water sales to the City of San Clemente.

Operating Revenue, Interest Revenue

Ms. Warner reported that this line item was lower than anticipated due to lowered interest rates.

Operating Expenses, Total Operating Expenses

Ms. Warner reported that this line item was higher than the prior month, but that the year to date was as anticipated.

RESTRICTED ASSETS REPORT & INVESTMENT SCHEDULE

Ms. Warner reviewed the District's reserve account levels and investment schedule for the month of September.

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 November 10, 2020 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the November 10, 2020 Finance/Audit Committee Meeting at 1:15 PM.