



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JULY 10, 2025**

DIRECTORS PRESENT

John Horst, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Phil Serpas, CMMS/SCADA Administrator

STAFF ABSENT

Lorrie Lausten, District Engineer

CONSULTANTS PRESENT

Ian Berg, Starting Line Advisory

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Horst called the July 10, 2025 Finance/Audit Committee Meeting to order at 8:01 a.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None

REPORT FROM THE GENERAL MANAGER

None

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

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

RECOMMENDATION: The Committee recommended forwarding this matter to the Board of Directors (Consent Calendar).

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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.

RECOMMENDATION: Recommend the Board of Directors ratify the Directors' fees and expenses for June 2025 and tentative future meetings/attendance (Action Calendar).

ITEM 3: APPROVAL OF UPDATED DISTRICT PURCHASING POLICY & GUIDELINES

Mr. Paludi presented this matter for Committee consideration, and he reported that the non-substantive changes to the policy have been made to align with the District's rules and regulations. Mr. Perea reported that staff regularly reviews the policy and worked with General Counsel to find areas of improvement consistent with regulatory updates and financial standards. Discussion occurred regarding changes to the policy related to the District's bid process and communication to the Board of awarded contracts within the General Manager's signing authority. Director Safranski recommended including language related to tracking project bids consistent with the District's practices and procedures for codification purposes.

RECOMMENDATION: Recommend the Board of Directors adopt Resolution No. 2025-1353 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Updated Guidelines for the Procurement of Goods and Services and Cash Disbursements (Action Calendar).

ITEM 4: APPROVAL OF CONTRACT RENEWAL WITH CPS HR FOR HUMAN RESOURCES AND HEALTH BENEFITS THIRD-PARTY ADMINISTRATOR SUPPORT SERVICES

Mr. Paludi presented this matter for Committee consideration. Mr. Perea reported that CPS HR has been supporting the District with various HR-related matters and is currently working with staff to update the District's personnel policy and will be assisting in the transition with the employee bargaining groups. Mr. Perea added that the District spent half of the amount budgeted last fiscal year, and that invoicing is on a time and materials basis. Discussion occurred regarding regular communication with management, and Mr. Perea noted that staff has set up reoccurring monthly meetings with the District's dedicated HR representative.

RECOMMENDATION: Recommend the Board of Directors authorize the General Manager to execute a professional services contract with CPS HR for Human Resources and Health Benefits Third-Party Administrator Support Services for a two-year period with a not-to-exceed amount of \$50,000 per year (Action Calendar).

ITEM 5: NOTICE OF DETERMINATION OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-26

Mr. Paludi presented this matter for Committee consideration. Mr. Perea reported that Legal Counsel has calculated an Appropriations Limit for FY 2025-26 based on an established methodology, and he stated that the proposed limit constitutes the maximum allowable appropriation for the District within the fiscal year. Mr. Berg added that these funds are normally collected through property tax allocations and revenues.

RECOMMENDATION: Recommend the Board of Directors adopt Resolution No. 2025-1354 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing the Appropriations Limit Applicable to the District during Fiscal Year 2025-2026 (Action Calendar).

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ITEM 6: EVALUATION OF CALPERS UNFUNDED ACCURED LIABILITY (UAL) PREPAYMENT OPTION FOR FISCAL YEAR 2026

Mr. Paludi presented this matter for Committee consideration. Mr. Berg reported that the District has the option to pay its FY 2026 obligation for unfunded employee retirement benefits in one lump sum or by making monthly payments. Mr. Berg outlined the benefits of each option, and he recommended making monthly payments to allow the funds to accrue interest and contribute toward project costs. The Committee reviewed the benefits of each payment option and supported Mr. Berg’s recommendation.

RECOMMENDATION: None. Informational item only.

ITEM 7: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for May 2025.

FINANCIAL ANALYSIS SUMMARY

Discussion occurred concerning the Estimated Net Change in Cash and the increase in General and Administrative services. Discussion also occurred regarding Cash & Investments in relation to the District’s current portfolio and returns from each investment fund. Mr. Berg offered to gather information on how investments are weighed and bring a recommendation for the Committee’s consideration.

SEWER FUND

District Capital - Sewer

Discussion occurred concerning Golf Club Sewer Lift Station (SLS) Rehabilitation. Director Safranski requested that staff note when projects are completed for reference purposes. Mr. Berg stated that due to the timing of unaudited financial reporting, there may be a delay in reporting payables.

RECOMMENDATION: Recommend the Board of Directors receive and file this information (Action Calendar).

ITEM 8: OTHER MATTERS

There were no other matters presented.

RECOMMENDATION: None.

ADJOURNMENT

Director Horst adjourned the July 10, 2025 Finance/Audit Committee Meeting at 9:30 a.m.