



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2016**

DIRECTORS PRESENT

Committee Member Michael Safranski
Committee Member Alternate Glenn Acosta

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor
Lisa Sangi, Administrative Assistant

CONSULTANTS PRESENT

Ehab Abuseir, Synoptek (Contracted Information Technology Manager)

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Director Safranski called the September 14, 2016, 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

Director Acosta had no comments.

Director Safranski had no comments.

REPORT FROM THE DISTRICT SECRETARY

Mr. Ruiz had no comments.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The August 10, 2016, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the August 10, 2016, 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

The Committee reviewed the information presented. Director Acosta requested that his schedule be changed to reflect his attendance at Congresswoman Mimi Walters Speaking Event & Breakfast, and not the related Town Hall Meeting as indicated.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for August, 2016, and the tentative future meetings be forwarded to the Board for ratification as amended (Consent Calendar).

ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S EXISTING NETWORK INFRASTRUCTURE

Mr. Ruiz presented this matter for Committee review, and said that District staff has worked with Synoptek to review the existing Network Infrastructure's system compatibilities with the planned utility billing system upgrade with Tyler Technologies (Tyler). Mr. Ruiz provided a brief background on a few network-related hardware failures that have occurred in the past year which demonstrated system vulnerabilities and limitations. Mr. Ruiz introduced Mr. Abuseir to the Committee, and said that Mr. Perea has worked with Mr. Abuseir to present the proposed upgrades to the Network Infrastructure.

Mr. Perea briefly reviewed the identified Network Infrastructure liabilities detailed in the staff report, and said that certain essential software components will no longer be supported by Microsoft beginning April 2017. Mr. Perea reviewed a Powerpoint presentation of the proposed upgrades which reviewed the District's hardware, software, and workstation system upgrades since the original network installation in 2005. Mr. Perea commented that District staff has worked with Synoptek to determine which software and hardware components require upgrade or replacement based on Tyler system requirements and the mitigation of system risks, and that Synoptek prepared three upgraded options for the District to consider. Mr. Perea corrected the staff report noting that the Exchange Server was installed in 2010, not 2007. Mr. Perea reviewed the three options in detail, and said that the preferred option exceeds the District's Capital Improvement Program (CIP) project budget by \$20,000, but that the preferred option meets the new utility billing system requirements and mitigates the existing Network Infrastructure current hardware and software liabilities. Mr. Abuseir reviewed the proposed options in detail with the Committee, and answered questions regarding specific hardware and software features.

Discussion occurred concerning ongoing management costs; Mr. Ruiz commented that the District's monthly management costs will increase due to the implementation of additional servers, but that Synoptek has provided a dedicated team that is familiar with our network environment for IT support which has been beneficial, and has served as an extension of District staff. Director Acosta emphasized the need to have a secure and reliable network, and that the District's customers expect these features in service to them. Director Safranski echoed Director Acosta's comment, and mentioned that the added cost is very well worth its value when it comes to security and risk mitigation. Director Acosta recommended District staff's recommended option with Director Safranski's support.

RECOMMENDED ACTION:

The Committee received information concerning the matter, and recommended that the matter be forwarded to the Board of Directors (Action Calendar).

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ITEM 4: OTHER MATTERS

Mr. Ruiz reported on the following other matters:

1. Baker Water Treatment Plant:

Mr. Ruiz reported that the Baker Water Treatment Plant (BWTP) partner agencies are scheduled to meet with Municipal Water District of Orange County (MWDOC) and agency representatives for each partner to review the planned billing for water produced at the BWTP. Mr. Ruiz said that the current discussions between the partner agencies indicate that MWDOC will perform the billing services for BWTP water sales and transfers. Mr. Ruiz provided handouts which detailed the regional pipeline system and the manner in which water from BWTP will be provided to the District, as well as, the typical water flows produced by BWTP. Discussion occurred concerning treated water costs and impacts to the SAC when billing is managed by MWDOC. Mr. Ruiz added that the partner agencies will meet with MWDOC to review BWTP water transfers, and the implementation of a proposed Memorandum of Understanding regarding extra water sales between local water agencies.

2. South Orange County Economic Coalition:

Mr. Ruiz presented a handout regarding possible annual membership with the South Orange County Economic Coalition. Discussion occurred concerning District membership in regional groups that provide strong economic leadership and key economic issue review.

RECOMMENDED ACTION:

The Committee received information concerning the matters. No action was taken.

ITEM 5: FINANCIAL REPORT

Mr. Ruiz presented the unaudited financials for July, 2016, for Committee review, and reported that there were no anomalies. Discussion occurred concerning the following matter(s):

Statement of Revenues and Expenses

- Liabilities to be Paid from Restricted Assets, Accrued Bond Interest:

Mr. Ruiz said that this line item represents the Series C Bond first payment, both principal and interest, and that this Bond expires in 2019.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the unaudited Financial Statement for July, 2016, as presented (Consent Calendar).

ITEM 7B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for September 14, 2016.

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 September 14, 2016, as presented (Consent Calendar).

ADJOURNMENT

Director Safranski adjourned the September 14, 2016, Finance/Audit Committee Meeting at 6:56 P.M.