



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | OCTOBER 9, 2019**

DIRECTORS PRESENT

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

STAFF PRESENT

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

DISTRICT CONSULTANT(S) PRESENT

None

PUBLIC PRESENT

There were no members of the public present.

CALL MEETING TO ORDER

Director Chadd called the October 9, 2019 Finance/Audit Committee Meeting to order at 6:02 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 GENERAL MANAGER

Mr. Paludi expressed his appreciation to District staff for providing him a tour of the District's facilities.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The September 11, 2019 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee recommended that the September 11, 2019 Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors (Consent Calendar).

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

Mr. Perea presented this matter for Committee consideration and review.

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RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses for September 2019, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON PUBLIC FINANCING AUTHORITY FINAL ARBITRAGE REBATE CALCULATION FOR 1994 SERIES C REFUNDING REVENUE BONDS

Mr. Paludi presented this matter to the Committee for their review, and he reported the Trabuco Canyon Public Financing Authority (TCPFA) Final Arbitrage Rebate Calculation Report (Report) was prepared by Willdan Financial Consultants and was included for review. Mr. Perea provided a brief review of the Report for the Committee, and he commented that the Report was typically required to be completed every five years. Discussion occurred concerning existing District debt obligations and the impact of the final refund according to the Report.

RECOMMENDED ACTION:

The Committee recommended the Trabuco Canyon Public Financing Authority Board of Directors receive and file the Final Arbitrage Rebate Calculation for 1994 Series C Refunding Revenue Bonds (Action Calendar).

ITEM 4: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S PARTICIPATION IN THE MUNICIPAL WATER DISTRICT (MWDOC) AMERICA WATER INFRASTRUCTURE ACT (AWIA) COMPLIANCE AND RESILIENCY ASSESSMENT AND EMERGENCY RESPONSE PLANS

Mr. Paludi presented this matter to the Committee for their review, and he commented that the District is currently working with Municipal Water District of Orange County (MWDOC) and its contract consultant HSG Consultants to assist MWDOC-member agencies to comply with this new federal requirement. Mr. Perea provided a brief status update on the Phase I compliance portions, and he reported that MWDOC staff have provided the final agreement for Phases II and III compliance efforts. Discussion occurred concerning total project costs, timeline for completion, and certain terms outlined in the agreement.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors authorize the General Manager to execute the Agreement for Sharing Consultant Costs for 2019 AWIA Compliance Risk and Resiliency Assessments and Emergency Response Plans for Participating Agencies [Phases II and III] (Action Calendar).

ITEM 5: OTHER MATTERS

Mr. Paludi mentioned that District staff are currently procuring quotes for the purchase of a new field vehicle for Operations and Maintenance.

Mr. Perea provided a brief update on District staff's efforts in preparation for Southern California Edison's (SCE) planned Public Safety Power Shutoff (PSPS). Discussion occurred concerning the impacts of the previous SCE power outage on District facilities and equipment; Mr. Perea reported that SCE replaced an electrical transformer in the Robinson Ranch community which impacted the Wastewater Treatment Plant, but that the onsite backup electrical generator allowed the facility to remain in operation during the power outage.

Discussion occurred concerning the District's current banking institution and the current level of service.

RECOMMENDED ACTION:

Committee to receive information at the time of Committee Meeting.

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ITEM 6: FINANCIAL REPORT

Mr. Paludi presented the preliminary unaudited financials for August 2019 to the Committee for review and comment, and he highlighted the following items:

Operating Revenue, Residential Water Revenue

Mr. Paludi reported that this line item was higher than the prior month due to increased water demands.

Operating Revenue, Business & Industrial Water Revenue

Mr. Paludi reported that this line item was the same as the prior month due to similar water demands.

Operating Revenue, Baker Treatment Plant Water Sales

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

Operating Expenses, Recycled Expense/Reclaimed Expense

Mr. Paludi reported that both line items were new budget funds for Fiscal Year 2019/2020 as approved by the Board of Directors and reflected expenses related to facility repairs and improvements.

Net Income Before OPEB, Depreciation & Capital Contributions

Discussion occurred concerning the Fiscal Year 2019/2020 budget for this line item.

Discussion occurred concerning the District's accounting methodologies for certain line items.

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 October 9, 2019 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the October 9, 2019 Finance/Audit Committee Meeting at 6:29 PM.