



## **TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MAY 13, 2020**

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### **DIRECTORS PRESENT**

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

### **STAFF PRESENT VIA CONFERENCE CALL**

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

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

Cindy Byerrum, District Treasurer (Eide Bailly, Consultant)

### **PUBLIC PRESENT**

There were no members of the public present.

### **CALL MEETING TO ORDER**

Director Chadd called the May 13, 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**

Director Safranski mentioned that the City of Rancho Santa Margarita City Council was scheduled to meet later that day and that the council chambers would be open to the public.

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

Mr. Paludi reported that District staff will be extending current social distancing practices consistent with State and County guidelines in response to COVID-19 at least through the end of May. Discussion occurred concerning business resumption planning strategies depending on State and County regulations and requirements.

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

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The April 8, 2020 Finance/Audit Committee Meeting Recap was presented to the Committee. Director Chadd recommended the addition of specific language related to the impacts of COVID-19 on District operations.

### **RECOMMENDED ACTION:**

The Committee recommended that the April 8, 2020 Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors (Consent Calendar).

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

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

**RECOMMENDED ACTION:**

The Committee recommended that the Directors' Fees and Expenses for April 2020, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

**ITEM 3: DISCUSSION AND CONSIDERATION OF DISTRICT BANKING SERVICES POINT OF CONTACT UPDATES**

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Mr. Paludi introduced this matter for Committee consideration, and he mentioned that this matter was brought to the attention of District staff by the Bank of the West (the District's banking institution). Mr. Perea presented an updated list of appropriate contacts for banking services and reviewed a proposed resolution for Board adoption.

**RECOMMENDED ACTION:**

The Committee recommended the Board of Directors adopt Resolution No. 2020-1277 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing Action with Respect to District General Banking Services, Approving Certain Actions by District Treasurer and Staff in Such Regard, Agreements Approving Certain Documents for Such Services and Taking Related Actions (Action Calendar).

**ITEM 4: DISCUSSION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2020/2021 BUDGET**

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Mr. Paludi presented this matter for Committee consideration, and he provided an update concerning the ongoing discussions between Municipal Water District of Orange County (MWDOC) and member agencies related to certain proposed annual budgetary and policy issues. Mr. Paludi reviewed the proposed budgetary assumptions and rate adjustments for Fiscal Year 2020/2021. Discussion occurred concerning certain Core and Choice budgets and proposed studies and expenses. Mr. Paludi added that the MWDOC Board of Directors will consider the adoption of the proposed budget at their next regularly scheduled Board Meeting the following week.

**RECOMMENDED ACTION:**

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

**ITEM 5: DISCUSSION CONCERNING THE PREPARATION OF TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2020/2021 GENERAL FUND AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGETS**

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Mr. Paludi provided an update on the proposed Fiscal Year 2020/2021 General Fund and Capital Improvement Project (CIP), Equipment, and Programmatic Budgets. Mr. Paludi reminded the Committee of the scheduled Special Board Meeting – Budget Workshop on May 26<sup>th</sup>, and he complimented District staff for their work to date on the budget preparation. Discussion occurred concerning budgetary concessions and cuts due to the unknown total impacts of COVID-19 on District current and future revenues.

**RECOMMENDED ACTION:**

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

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**ITEM 6: OTHER MATTERS**

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There were no other matters presented for review.

**RECOMMENDED ACTION:**

There was no action was taken.

**ITEM 7: FINANCIAL REPORT**

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Mr. Paludi presented this matter for Committee consideration and presented the preliminary unaudited financials for March 2020 to the Committee for review and comment:

***STATEMENT OF REVENUES AND EXPENSES***

***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, Baker Treatment Plant Water Sales***

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

***Operating Expenses, Total Operating Expenses***

Mr. Paludi reported that this line item was higher than the prior month due to increased operating expenses and he highlighted certain associated sanitation costs and expenses.

Discussion occurred concerning the increased incurred source of supply costs in comparison the prior month.

**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 May 13, 2020 as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the May 13, 2020 Finance/Audit Committee Meeting at 1:40 PM.