



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | MAY 9, 2024**

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**DIRECTORS PRESENT**

Don Chadd, Committee Chair  
Glenn Acosta, Committee Member

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Lorrie Lausten, District Engineer  
Karen Warner, Principal Accountant  
Roseann Lejsek, Administrative Assistant  
Phil Serpas, SCADA/CMMS Administrator

**CONSULTANTS PRESENT**

Cindy Byerrum, District Treasurer – Eide Bailly  
Robert A. Poor, Fieldman Rolapp  
Lora Nichols, Fieldman Rolapp  
Lawrence Chan, Stradling Yocca Carlson & Rauth  
Daniel Shaw, Oppenheimer & Co.

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Chadd called the May 9, 2024 Finance/Audit Committee Meeting to order at 8:02 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**

Mr. Paludi reported that the District was awarded a federal grant from the U.S. Bureau of Reclamation in the amount of \$578,000 for the Dove & Tick Creek project. Mr. Paludi thanked staff for all their hard work and stated that he hopes this effort will show rate payers that the District is seeking cost-saving measures where possible.

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

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

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- MOTION:** Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same as amended (Consent Calendar) – Director Acosta
- SECOND:** District Secretary Mr. Perea
- AYES:** Director Acosta & Mr. Perea
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

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

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Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review.

- MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for April 2024 and tentative future meetings/attendance as amended (Action Calendar) – Director Chadd
- SECOND:** Director Acosta
- AYES:** Directors Chadd & Acosta
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) REGARDING ISSUANCE OF DEBT TO REPAY EXISTING CREDIT AGREEMENT AND FUND CAPITAL IMPROVEMENT PROJECTS**

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Mr. Paludi presented this matter for Committee consideration, and he introduced Mr. Shaw to the Committee. Mr. Shaw provided a brief overview of RFP process, reporting that the RFP went out to 16 banks and that 5 proposals were received. Mr. Shaw provided a summary of the 5 lender proposals and a handout was provided to the Committee. Ms. Nichols provided a brief overview of the banks who declined to submit a proposal and their rationale. Discussion also occurred regarding possible options for repayment.

- MOTION:** Recommend the Board of Directors enter into an Installment Purchase Agreement with Capital One Public Funding, LLC for repayment of the District's existing loan with BMO bank and to fund additional capital projects. (Action Calendar) – Director Chadd
- SECOND:** Director Acosta
- AYES:** Directors Chadd & Acosta
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

**ITEM 4: OTHER MATTERS**

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Mr. Paludi reported that a Special Board Meeting will be scheduled for either May 29 or May 30 for a Budget Workshop. Mr. Paludi requested that the Board members advise staff with their availability. Mr. Paludi noted that the total compensation survey results would also be discussed at the Special Board Meeting.

- MOTION:** None – Informational item only.

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**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for March 2024, and she highlighted the following items:

***WATER FUND***

***Total Operating Revenue***

Ms. Warner reported that this line item was trending as budgeted.

***Total Source of Supply***

Ms. Warner reported that this line item was trending lower than budgeted due lower than normal water sales.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending lower than budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to increased water quality testing and the purchase of distribution system materials.

***Total General & Administrative***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments at the beginning of the fiscal year.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a positive increase of water reserves.

***District Capital – Water***

Ms. Warner reviewed the capital improvement costs accrued in March 2024, including costs associated with the PSPS Transfer Switch Upgrade, DWTP Vault Improvement, and Roton Blower Filters.

***SEWER FUND***

***Total Operating Revenue***

Ms. Warner reported that this line item was trending as budgeted.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending lower than budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to increased electrical costs.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a positive increase of sewer reserves.

***District Capital – Sewer***

Ms. Warner reviewed the capital improvement costs accrued in March 2024, including costs associated with the Golf Club SLS Bypass Construction, WWTP blower building rehabilitation, Heritage SLS rehabilitation, PSPS Transfer Switch upgrade, and WWTP fiber optic upgrade.

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***RECYCLED WATER FUND***

***Total Operating Revenue***

Ms. Warner reported that this line item was trending higher than budgeted due to increased recycled water sales earlier in the fiscal year.

***Total Source of Supply***

Ms. Warner reported that this line item was trending higher than budgeted.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending lower than budgeted.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending as budgeted.

***Total General & Administrative***

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments and certification renewals and professional services costs associated with a project grant application.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item trended a decrease in contribution to recycled water reserves.

***District Capital – Recycled Water***

Ms. Warner reviewed the capital improvement costs accrued in March 2024, including costs associated Dove Recycled Booster Pump Station improvements, and Recycled PRV vault improvements.

The Committee requested that staff add grant fund amounts into the District Capital financials, identifying Capital projects and grand funds applied toward each project for transparency purposes.

**MOTION:** Recommend the Board ratify payment of the bills for consideration for May 9, 2024, as presented (Action Calendar) – Director Chadd

**SECOND:** Director Acosta

**AYES:** Directors Chadd & Acosta

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ADJOURNMENT**

Director Chadd adjourned the May 9, 2024 Finance/Audit Committee Meeting at 8:47 a.m.