

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
TUESDAY, JANUARY 30, 2018 AT 4:00 P.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:00 p.m.

Present:                 Director Martin  
                              Director Sannella  
                              General Manager Pruim  
                              Assistant General Manager Scaglione  
                              Accounting Supervisor Owen  
                              Financial Analyst Arthur  
                              Administrative Secretary Johnson

Others Present:        Director Evans

ITEMS FOR DISCUSSION

PROPOSED 2018 INVESTMENT POLICY

General Manager Pruim stated the purpose of this meeting was to discuss in more detail the proposed 2018 investment policy that was presented to the Board at the January 17 Board meeting.

Assistant General Manager Scaglione provided an overview of the proposed 2018 investment policy. The proposed policy would shift the District's investment strategy away from a passive approach to allow flexibility for an investment management services firm to actively invest within appropriate risk tolerances as outlined in the policy which could result in more investment earnings potential.

General discussion and question and answer took place.

Assistant General Manager Scaglione provided an in-depth comparison of the District's current investment policy, the proposed policy, the Chandler Asset Management (CM) model policy and the government code policy. The proposed policy is similar to but more conservative than the CM or government models.

Assistant General Manager Scaglione stated a Request for Proposal for investment management services has been released. Proposals must be received by February 20. February 28 is the tentative date for interviews, if necessary. It is anticipated that a professional services agreement will be on the March 7 Board agenda for approval.

Discussion took place regarding when the Board would be able to consider the proposed investment policy. Director Evans stated she wanted to be involved in the decision on the policy; however, she will not be available to attend the February 21 Board meeting.

The consensus of the Finance/Investment Committee was to recommend the Board approve the proposed 2018 investment policy and award a professional services agreement for investment management services at the March 7 Board meeting.

Mike Hunsaker, member of the public, addressed the Committee expressing his concerns about the proposed investment policy. He stated liquidity decreases with increased risk. He asked if money raised through bonds is going to be rolled into investments, restricted funds into an unrestricted policy?

General Manager Pruim responded to Mr. Hunsaker's concerns, stating the District has approximately \$57 million in unrestricted funds available to invest. Restricted funds will not be invested. As stated in the proposed investment policy, the three most important issues are safety, liquidity and yield.

### ENCINA WASTEWATER AUTHORITY PERS OBLIGATIONS

General Manager Pruim stated he wanted the Committee to be aware of the District's PERS obligations to Encina Wastewater Authority (EWA). As the District has 24% ownership in EWA, the District shares in the PERS obligations for EWA employees. EWA's outstanding unfunded accrued liability is \$14.6 million as of the last valuation. The District's share is \$3.3 million.

General Manager Pruim further stated EWA is in the process of meeting with the six member agencies, including Vallecitos, to determine how the member agencies would like to discharge their PERS obligations. The District's preference is to make payments over a three to five-year period. Action on this matter is anticipated to be taken at EWA's March Board meeting.

This item was for information only.

### OTHER BUSINESS

Director Martin stated he had previously requested profit and loss information on Meadowlark. General Manager Pruim suggested this topic be addressed at a future Board workshop.

### PUBLIC COMMENT

None.

### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:51 p.m.