

## FINANCE COMMITTEE NOTES

March 8, 2018

### Attendees:

Committee members: Randall Reed (Chair) and Luis Cetina

Staff members: Carrie Corder, Chad Brantley, Roberta Perez, Frank Chu, Robert Kalarsarinis, Agnes Boros, and Jennifer Fillinger

**Members of the Public:** None

**Call to Order:** 5:00 p.m.

**Public Comment:** None

**Additions/Deletions  
to the Agenda:** None

### 1. 457(b) Plan Amendments

- Staff made a presentation proposing amendments to the Employees' 457(b) plan documents to permit participant loans and a 457 Roth option. Adding these provisions allows more flexibility and choices for our employees. There is no fiscal impact for this proposed action.
- The first plan amendment provides eligible employees the ability to borrow funds from their plan account balance. The plan providers administer all loans and the District is not responsible for the administration or collection of these loans. The maximum loan amount cannot exceed one-half of the participant's vested account balance, up to \$50,000.
- The second proposed amendment provides employees to make after-tax contributions via a 457 Roth option. When withdrawn, contributions are tax-free which may result in reduced income taxes during retirement.
- The Committee recommended that the amended policy be brought before the full Board of Directors on March 27, 2018.

### 2. Mid-Year Budget Review and Proposed Budget Adjustment

- Staff presented a financial report comparing actual operating activities to the pro-rated budget for the six-month period ended December 31, 2017.
  - Retail water consumption is 6% above the budgeted level but water fund expenses are only 2% above.
  - Water production statistics show that usage of imported water has increased while usage of groundwater has decreased in 2017 compared to 2016.
  - Sewer operating revenues and expenses are very close to the budgeted amounts.
  - Recycled water usage is 28% above the budgeted amount.

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- Staff presented the proposed Water Fund Budget Amendments, discussed the justifications, and showed that the net effect in total does not change the Water Fund bottom line Operating Income.
- The Committee recommended that the Mid-Year Budget Report and requested budget amendments be brought before the full Board of Directors on March 27, 2018.

Meeting Adjourned at 5:50 p.m.