

MEMORANDUM

Date: May 18, 2021
To: Board of Directors
From: Finance Committee Staff
Subject: May 14, 2021 Special Finance Committee Meeting Minutes

1. CALL TO ORDER

Director Merchant called the meeting to order at 10:00 a.m. via ZOOM video conference pursuant to Governor Newsom's Executive Order N-29-20. Present were Director Merchant and Director Pohll. Present from District staff were Tom Hennig, General Manager; Paula O'Keefe, Director of Administration; Ron Greenfield, Acting Director of Field Operations; Tina Talamantes, Interim Security Supervisor; Michelle Ammond, Interim Controller; and Amelia Wilder, District Secretary.

2. COMMENTS FROM THE PUBLIC

None.

3. DISCUSS RESERVE SPECIAL BOARD MEETING

Tom Hennig, General Manager, discussed the need for a Special Board meeting to discuss the reserves, stating the hardest part in preparing the budget is planning for reserves. The meeting has been scheduled for June 3, at 2:00 p.m. Ingrid Shepline, District's Auditor, informed the Committee that it is the replacement costs that are typically used to determine the amount necessary for reserves.

4. REVIEW CFD 2014-1 BOND

Michelle Ammond, Interim Controller, gave a detailed presentation on the Community Facilities District (CFD)-2014-1 bond, including the history of cost and payments. The monies that have been paid, and their allocations was discussed.

Director Merchant asked that Staff:

- Take the Developer Deposits to the Board and make sure the deposits are reinstated
- Discuss what will happen if we have an overrun credit
- Have proper accounting for the item

5. REVIEW FISCAL YEAR 2019-20 ANNUAL AUDIT

Ingrid Shepline gave a detailed review of the Draft Audit. There was a discussion around a new accounting system, which the District has needed for some time, and will not only make Staff more productive, but will also help to amend many of the findings that were noted from our new Auditor. It will take us 6 months to implement a new Financial/HR/Payroll ERP and 12 months to implement the utility billing piece.

The Committee concurred that a new system is needed and would like to get it operational sooner than later. Both Directors agreed that Mr. Hennig select a consultant to complete the work of selecting an ERP vendor and negotiating a contract within the GM's spending limit.

6. DISCUSS RFP FOR FINANCIAL SYSTEM ENTERPRISE RESOURCE PROGRAM (ERP)

This was discussed in Item # 5.

7. REVIEW FY 2021-22 BUDGET WITH CIP'S

Ms. O'Keefe informed the Committee that there were no changes in the Draft Budget that was presented to the Board at the April 1, 2021 Special Board meeting. She discussed an option to use retained revenues, which came from excess property taxes, from past fiscal years to repay the interfund loan which would remove the \$6.00 currently being charged to all ratepayers. This would reduce the bill by \$6.00. This will be discussed during the Budget Hearing at the May 19, 2021 Board Meeting.

Director Merchant added that if we did this the increase would not be so great this year, and we would have the room to systematically raise the rates by a lesser amount each year to fund reserves.

Mr. Hennig added that a lot of Districts conduct five-year rate studies so they have an idea of how much rates need to increase and can have more gradual increases.

The Capital Improvement Projects (CIP's) were discussed, and Director Merchant asked that we remove CIP #22-07-01 Update Integrated Water Master Plan from the list, because the District does not need a new Integrated Water Master Plan, the Developers do.

Mr. Hennig suggested removing this and adding the back left drying bed, which need refurbishment.

The Committee recommended moving the Draft Budget to the Board for approval with the option of making adjustments after the Special Board meeting June 3. ***This item will be on the May 19, 2021 Board Meeting Agenda.***

8. DISCUSS REVAMPING OF MONTHLY FINANCE REPORT

Ms. O'Keefe reviewed the updated Finance Report that she would like to use as a template for Board meetings going forward. The Committee liked the new report.

9. SECURITY SERVICE OPINION SURVEY UPDATE

Mr. Hennig updated the Committee, stating that Mr. McLarney, True North Research, recommended conducting the poll in September of 2021 so as not to be influenced by campaigning for the November 2021 election cycle. He continued, we have scheduled the Security Opinion Poll Town Hall Meeting to take place on Tuesday, June 22nd at 6 PM. This meeting will be open to anyone in Rancho Murieta. The remaining schedule is below:

- Stakeholder working groups/meetings July 2021
- Survey questions to be finalized and presented to BOD August 2021
- Conduct polling activities September 2021
- Present polling results to Finance Committee November 2021
- Present recommendations to the Board November 2021
- Potential voter education and outreach program March-June 2022
- Possible voter referendum in June 2022

10. DIRECTOR AND STAFF COMMENTS/SUGGESTIONS

Director Merchant stated that having the Committee meetings on Zoom has made it much easier for him and other Board Members to attend, and he hopes to continue this practice.

11. ADJOURNMENT

The meeting was adjourned at 12:44 p.m.