

**MINUTES**  
**SPECIAL FINANCE/PERSONNEL COMMITTEE**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, May 12, 2010**  
**3:30 PM**

**1. Call to Order / Roll Call**

The Finance/Personnel Committee of the THREE VALLEYS MUNICIPAL WATER DISTRICT was called to order at 3:00 p.m. by Chairman De Jesus at the District Office located at 1021 East Miramar Avenue, Claremont. A quorum of the committee was present.

**Committee**

David De Jesus, Chairman  
Bob Kuhn  
Joseph Ruzicka

**Staff  
Present**

Liz Cohn, Senior Financial Analyst  
Vicki Hahn, Executive Assistant  
Rick Hansen, General Manager  
Jim Johns, Water Operations Manager  
James Linthicum, Chief Finance Officer  
Mike Sovich, Assistant General Manager, Engineering & Operations

**Others  
Present**

David Hamilton, City of Pomona  
Dan Horan, Three Valleys MWD, Director, Division 7  
Fred Lantz, Pomona Citizen  
Ben Lewis, Golden State Water Company

## **2. Additions to Agenda**

There were not any requests for additions to the published agenda

## **3. Reorder of Agenda**

There were not any requests to reorder the published agenda.

## **4. Public Comment**

Chairman De Jesus opened the meeting to receive public comment on agenda items in areas of concern relative to the Finance-Personnel Committee. There were not any comments from members of the public.

## **5. Receive and file April 7, 2010 Finance/Personnel Committee Minutes**

The Committee received and filed the published minutes for the April 7, 2010 Finance/Personnel Committee as submitted.

## **6. Investment Update**

Staff reported on the April 28, 2010 Federal Open Market Committee statement. The federal fund rate is expected to continue at 0 to 1/4 percent. The Committee continues to anticipate that economic conditions are likely to warrant exceptionally low levels of federal funds rate for an extended period.

Staff reported that LAIF stabilized this month with a daily yield of .54% as of April 27<sup>th</sup>. For April 2009 the monthly effective yield was 1.607%.

## **7. Review of Investment Policy**

Discussion ensued regarding the District's investment policy and the types of investment vehicles the District is restricted to. Staff stated that the District's investment vehicles mirror the California Government Code.

A draft investment policy for CY 2010 was introduced to the committee. The policy was reviewed by Chandler, with the only recommendation for change to include a section addressing Mitigating Credit Risk in the portfolio. This was added as section 9.0 on the draft investment policy resolution.

The committee approved moving the draft investment policy resolution forward to the full Board for their review, consideration and approval during its May 19, 2010 meeting.

## **8. TVMWD FY 10-11 Budget and CY 2011 Rates**

The committee was provided draft budget version 5.0 and a draft resolution to adopt the water rates and charges for CY 2011 for their review.

Budget version 5.0 reflects utilizing approximately \$700,000 of Water Rate Stabilization Reserves with a required water rate of \$754 per AF, \$10 greater than the MWD rate, though still among the lowest of similar MWD member agencies.

This process has been ongoing and discussed frequently with the committee and member agencies over the past several months. It was noted that many of the recommendations in the District's communication to MWD regarding MWD budget and rates were adopted. The FY 10-11 MWD budget was adopted at the last MWD Board meeting; the FY 11-12 MWD budget will be brought back to the MWD Board for review within 90 days.

The committee approved moving draft budget version 5.0 and the draft resolution to adopt the water rates and charges for CY 2011 to the full board for their review, consideration and approval during its May 19, 2010 meeting.

## **9. Purchasing Policy**

Staff prepared and introduced a purchasing policy for review by the committee. The District has always had an informal policy in place, but it was recommended that a written policy be adopted.

The policy defines how purchases of specific types and amounts are to be made. The decision to be made is whether the District would opt to comply with the Uniform Public Construction Cost Accounting Act. Benefits include raised limits for alternative bidding procedures, speeding up the awards process, improved timeliness of project completion and reduce paperwork and advertising costs. A resolution and ordinance regarding the Act will also need to be adopted by the Board.

The committee approved moving the draft purchasing policy and associated resolution and ordinance will be forwarded to the full board for their review, consideration and approval during its May 19, 2010 meeting.

## **10. Capitalization Policy**

Staff prepared and introduced a capitalization policy for review by the committee. The District has always had an informal policy in place, but it was recommended that a written policy be adopted.

The purpose of the policy is to establish guidance for the capitalization and depreciation of capital assets. The main criterion for an item to be capitalized is that the unit must cost of minimum of \$5,000 and have a useful life of at least three years. Discussion led to a few minor additions to the policy.

The committee approved moving the draft capitalization policy forward to the full board for their review, consideration and approval during its May 19, 2010 meeting.

#### **11. Chief Financial Officer Oral Update**

Staff did not have any additional items for discussion.

#### **12. General Manager Oral Update**

The General Manager reported that the PPD Committee is considering changing their standing meeting to 4:00 p.m. and that requests have been made to consider changing the standing Finance committee to 10:00 a.m. respectively on the first Wednesday of each month.

#### **13. Future Agenda Items**

There were not any requests for future agenda items.

#### **14. Adjournment**

Chairman De Jesus adjourned the meeting at 3:20 p.m. to June 2, 2010 a Special meeting at 9:30 a.m.

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/s/ David De Jesus  
*Chairman, Finance Committee*  
Three Valleys Municipal Water District

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Recorded by: Victoria A. Hahn  
Executive Assistant