



**BEAUMONT-CHERRY VALLEY WATER DISTRICT**  
560 Magnolia Avenue, Beaumont, CA 92223

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, August 5, 2021 at 3:00 p.m.**

***Meeting held via teleconference pursuant to  
California Government Code Section 54950 et. seq. and  
California Governor's Executive Order N-08-21***

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:04 p.m.*

**Announcement of Teleconference Participation**

Acting Director of Finance and Administrative Services William Clayton clarified that this meeting is conducted via teleconference pursuant to California Government Code Section 54953, and under Executive Order N-08-21 of the Governor of California.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting. Due to the danger of COVID-19, the teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference and Zoom meeting capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will adhere as closely as reasonably possible to the provisions of the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to meetings.

*Attendance*

Directors present:	Director Hoffman and Director Williams (alternate)
Directors absent:	None (vacant)
Staff present:	General Manager Dan Jagers Director of Operations James Bean Senior Engineer Mark Swanson Accountant III Lorena Lopez Senior Accountant Sylvia Molina Human Resources Coordinator Sabrina Foley Accounting Technician Erica Gonzales
Members of the public who registered:	Mia Brown and Christopher McCarrey of Chandler Asset Management

General Manager Dan Jagers verified that all members of the Finance and Audit Committee and staff have indicated that they are able to hear the other members clearly

on the teleconference. No member expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be directors are not truly so.

**PUBLIC INPUT:** None.

## **ACTION ITEMS**

1. Adjustments to the Agenda: *None.*
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meeting of July 1, 2021

*The Committee accepted the minutes of the Finance and Audit Committee regular meeting of July 1, 2021 by consensus.*

3. Update on Investment Advisory Services and Presentation by Chandler Asset Management

*General Manager Dan Jagers reminded that the Board has asked staff to look into investment strategies. Staff has made inquiries and had informative communication, he stated. He introduced Mia Brown and Christopher McCarrey of Chandler Asset Management.*

*Ms. Brown described the firm, located in San Diego. She gave an overview of their observations about Beaumont-Cherry Valley Water District (BCVWD) and acknowledged the District's stewardship of its funds. Revenues have been significantly impacted by lower interest rates over the last year, she said. She acknowledged BCVWD's awards and pointed to Chandler's best practices and experience with water district portfolios in California.*

*Ms. Brown provided detail on Chandler's services. In response to a comment by Mr. Jagers, Ms. Brown emphasized the personalized service for the District.*

*Mr. McCarrey highlighted some potential actions that BCVWD could take to benefit its portfolio within the California Code. He noted that the District's investment policy incorporates many best practices, and it honors the tenets of safety and liquidity. He recommended some changes to the policy based on SB 998. He pointed out current low yields and said it is expected to drop further, and said there are some options.*

*Mr. McCarrey acknowledged cash flow needs and suggested discussion of risk metrics and development of a strategy. He discussed active portfolio management and opportunity for the District to add income. He presented a potential strategy for BCVWD.*

*Mr. Jagers and Ms. Brown responded to questions from Director Hoffman on Chandler's fees, penalties, and liquidity.*

*Ms. Brown described training and education programs for the Board. She emphasized transparent and comprehensive reporting, and described the processes and standards of Chandler.*

*Director Williams asked who holds the investments and their fees. Ms. Brown described a few custodians with which Chandler works. Director Hoffman clarified fee details. Mr. Jagers also pointed out some fee nuances and Ms. Brown agreed that the program saves approximately one basis point but explained it provides a full service, separately managed program. Fees are charged based on assets under management, Brown added.*

*The Committee discussed comparison to LAIF and other current investment vehicles.*

#### 4. Receive and File the Check Register for the Month of June 2021

*Director Williams asked about expenses related to service trucks and Mr. Jagers explained vehicle replacement program targets. As maintenance costs go up and age is factored, replacements are reprioritized.*

*In response to Director Williams, Mr. Jagers explained the division of expenses between the members of the Beaumont Basin Watermaster and the costs designated for on-call engineering.*

*The Committee received and filed the June 2021 Check Register as presented.*

#### 5. Financial Reports/Recommendations

- a. Review of the June 2021 Budget Variance Reports
- b. Review of the June 30, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of July 2021
- d. Review of July 2021 Invoices Pending Approval

*Director Hoffman observed that water sales seems to be on target.*

*Director Hoffman asked about Legend Pump and Well billing, and Ms. Lopez explained there are two Doing-Business-As names(DBAs). She assured that 1099s are sent when necessary.*

*In response to Director Williams, Mr. Jagers explained that a wrought iron access gate was stolen. The asset was at risk, and the gate was replaced as an emergency item. Mr. Jagers also advised of vandalism to the office sign, and noted that the culprits may have been caught. Ms. Foley advised there is an insurance claim filed and the repair work is out to bid.*

*Director Williams asked about expenses for Inland Water Works. Mr. Jagers explained that it is inventory for the AMR/AMI project and advised of additional large expenditures. Director Hoffman commented on price and availability of all inventory items and predicted exceeding budget.*

*Director Hoffman pointed out that legal expenses are higher than usual.*

*After review and discussion, the Committee recommended presenting the Financial Reports to the Board for approval.*

6. Review of Revenues Loss, Accounts Receivable Balances, and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

*General Manager Jagers reviewed the report and noted there may be opportunity to recover some arrearages.*

7. Electric Cost Analysis (Quarterly Report)

*General Manager Jagers explained that there have been two Southern California Edison rate increases in the last few months and the District has been losing money. There will be an opportunity for the Board to review and consider increasing the pass-through costs by 10 cents per unit of sale, he said. Losses from 2020 will not be collected, but the objective is to run it to a zero balance, Jagers explained.*

8. Action List for Future Meetings

- *Chandler Asset Management recommendation*
- *Drought*

**ANNOUNCEMENTS**

*Chair Hoffman read the following announcements:*

- Regular Board Meeting: Wednesday, Aug. 11, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Aug. 16, 2021 at 5:30 p.m.
- Engineering Workshop: Thursday, Aug. 26, 2021 at 6 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Aug. 4, 2021 at 10 a.m.
- Collaborative Agencies Meeting: Wednesday, Sep. 1, 2021 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, Sept. 2, 2021 at 3 p.m.
- District offices will be closed Monday, Sept. 6 in observance of Labor Day

**ADJOURNMENT: 4:48 P.M.**



David Hoffman, Chairman  
to the Finance and Audit Committee  
of the Beaumont-Cherry Valley Water District