



District Attendees

Dave Underwood	Board President
Misha Sarkovich	Board Vice President
Michael McRae	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Chi Ha-Ly	Finance Manager

Other Attendees

Absent

AGENDA ITEMS

I. Call to Order

The meeting was called to order at 5:30 p.m.

II. Public Comment

None.

III. Discussion

1. Review and discussion of Fair Oaks Water District's Reserve Policy No. 5050

- Vice President Sarkovich stated the District does not need to have a rate stabilization reserve. He stated the revised policy includes three months of operating expenses for emergency only with the rate stabilization reserve removed. He removed the verbiage on Government Code Section 53646(b)(3) regarding the requirement to have sufficient cash flow to meet the next six months of budgeted District operating expenses.
- Finance Manager Ha-Ly stated it would be more transparent to have different designations to identify the needs of the District. She mentioned the grand jury report from back in prior years stating that Special Districts need to have reserves.

- General Manager Gray also emphasized the importance of having different designations/funds as the State may take away District's funds if they are not designated.
- Director McRae inquired if staff was ok with the three months of operating expenses.
- Finance Manager Ha-Ly stated she would like to add one million dollars to the emergency designation. She stated that if a pipeline blows up, it would take time to go out and borrow money; she would like to have that money available.
- The Budget Committee members increased emergency fund from three months of operating expenses to four months of operating expenses.
- General Manager Gray provided information on Government Code Section 53646(b)(3) to the Budget Committee.
- Vice President Sarkovich stated the revenues of the District should be able to cover the next six months of operating expenses.
- The Budget Committee and staff discussed further on the Government Code Section 53646(b)(3) pending further research and may want to leave the code as it is rather than removing it.
- There was discussion about the requirement of the District to report quarterly based on Government Code Section 53646(b)(3).
- General Manager Gray stated the District reports the Government Code Section 53646(b)(3) requirement on the investment report monthly.
- The Budget Committee directed staff to forward a copy of the revised Reserve Policy No. 5050 to District legal for review.

IV. Adjournment

With no further business to come before the Board, President Underwood adjourned the meeting at 6:17 p.m.

The Board approved the preceding minutes on June 13, 2016

Tom R. Gray
General Manager/Board Secretary

Date