



## OJAI VALLEY SANITARY DISTRICT

A Public Agency

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### **MINUTES OF FINANCE COMMITTEE**

The Finance Committee held a meeting at the District Office, 1072 Tico Road on October 12, 2016 beginning at 9:30 a.m.

**COMMITTEE MEMBERS PRESENT:** John R. (Jack) Curtis  
Peter M. Kaiser, Chairman

**COMMITTEE MEMBERS ABSENT:** John R. (Randy) Burg

**STAFF PRESENT:** Jeff Palmer, General Manager  
Brenda Krout, Administrative Officer  
Ronald E. Sheets, Operations Superintendent

**OTHERS PRESENT:** Jack Oehmke, Morgan Stanley  
Heidi Oehmke, Morgan Stanley

1. **Public Comment - (Items not on the agenda - 3 minute limit)**

None

**FOR DISCUSSION & RECOMMENDATION**

2. **Quarterly Review of District's Investments**

Jack Oehmke, Morgan Stanley, distributed a performance summary of the District's portfolio showing the investment return percentages over various periods of time including the past quarter and since inception of the portfolio in 2008.

Mr. Palmer reviewed the District's investment returns, noting that the performance continues to be relatively low at 0.15 percent for the month of September and 1.18 percent over the past 12 months; this return continues to outperform the Local Agency Investment Fund (LAIF) with the State.

Mr. Oehmke reviewed the portfolio reports and discussed the types of holdings in the portfolio, noting the majority are US Treasury Notes. Mr. Oehmke responded to questions from the Committee.

Mr. Palmer responded to questions from the Committee about the level of cash flow that is maintained outside the Morgan Stanley managed account and held in the District's accounts at either the County Treasury or in local bank. These funds earn a lower return so reducing the size of the cash flow was discussed.

Director Kaiser raised the question of whether the managers of the District's portfolio are considering the potential of a recession and/or depression of the economy over the next few years. Director Kaiser questioned the futility of investing in companies that produce luxury items that will not continue to be purchased during a recession or depression; Director Kaiser expressed his opinion that companies more closely connected to basic human necessities might be a more prudent investment in light of the current projections about the future of the economy.

The goals of the District's investment were discussed noting the priorities to be minimum risks with maximum returns making the funds available to support the District's operations and capital improvements on a pay-as-you-go basis

The Committee discussed the possibility of having Sage, the portfolio investment managers, attend a future committee meeting, via telecommunications, to discuss how they make the investment decisions for the District's portfolio.

The Committee unanimously supported presenting a recommendation to the Board to continue on the current course with the District's investments.

#### **FOR DISCUSSION & REVIEW**

4. **General Discussion**
  - a. Audience  
None
  - b. Committee Members  
None
  - c. General Manager  
None

The Finance Committee meeting adjourned at 10:45 a.m.

Minutes submitted by Brenda Krout, Clerk of the Board