



## 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 April 12, 2017 beginning at 9:36 a.m.

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

**COMMITTEE MEMBERS ABSENT:** John R. 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**

Mr. Palmer reviewed the District's investment returns over the past quarter. Mr. Palmer noted that we are continuing to see a slow increase in returns following the Federal Reserve increasing the interest rate in last December.

Mr. Palmer reported that following the receipt of service charges collected via the County property tax roll collected each December and April staff conducts a cash flow analysis to determine what amount of cash can be transferred into the managed account with Sage (Morgan Stanley) and what amount is needed

for operational and project costs. Staff will conduct this analysis again in May once the amount of the April receipts is known.

Director Kaiser expressed his concern that the return on the District's investment portfolio is not keeping up with the rate of inflation, questioning the possibility of increasing the aggressiveness of the District's investments, instead of being so heavily invested in US Treasury Bonds.

Jack Oehmke of Morgan Stanley explained that with the increase of the market interest rate the District's investment portfolio return will lack behind this rate, gradually going up. Mr. Oehmke reviewed and discussed the portfolio reports noting that the overall yield since inception of the portfolio equaled 1.87 percent.

The Committee unanimously supported requesting a proposal from Sage for recommended changes to the District's portfolio that would result in increasing the yield to 2 percent or more in an effort to keep pace with the rate of inflation.

It was agreed that Mr. Oehmke will contact Sage relaying the Committee's request and will forward Sage's report to Mr. Palmer. Following the receipt of Sage's report, it will be determined if another Committee meeting is needed or (if received in time) the report will be discussed with the full Board at the Budget Workshop meeting on April 27, 2017.

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

4. **General Discussion**

- a. Audience  
None
- b. Committee Members  
None
- c. General Manager  
None

The Finance Committee meeting adjourned at 10:40 a.m.

Minutes submitted by Brenda Krout, Clerk of the Board