



## OJAI VALLEY SANITARY DISTRICT

A Public Agency

1072 Tico Road, Ojai, California 93023

(805) 646-5548 • FAX (805) 640-0842

[www.ojaisan.org](http://www.ojaisan.org)

### **MINUTES OF FINANCE COMMITTEE**

The Finance Committee held a meeting at the District Office, 1072 Tico Road on July 14, 2017 beginning at 1:30 p.m.

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

**COMMITTEE MEMBERS ABSENT:** None

**STAFF PRESENT:** Jeff Palmer, General Manager  
Brenda Krout, Administrative Officer

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

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

None

**ITEMS FOR COMMITTEE CONSIDERATION, DISCUSSION & POSSIBLE RECOMMENDATION TO THE BOARD OF DIRECTORS**

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

Mr. Palmer reviewed the District's investment returns over the past quarter, noting the return was 0.52 percent. Mr. Palmer explained that nothing has changed in the investment market over the past quarter, returns continue to be low.

Mr. Palmer reported that per the Committee's request at their last meeting, he talked to the investment managers, Sage, about what changes could be made with the District's investment portfolio to increase the yield to 2 percent or more in an effort to keep pace with the rate of inflation. Sage explained that currently the duration of the District's investments are 1 to 3 years, in order to increase

the yield the District would need to invest in 10 year or greater duration. Increasing the duration would tie up the District funds which would eliminate the option to purchase higher yielding investments when the market starts improving.

Jack Oehmke of Morgan Stanley discussed the portfolio reports noting that the overall yield since inception equaled 1.86 percent. Mr. Oehmke and Mr. Palmer responded to questions from the Committee.

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

4. **Reports**

b. Committee Members pursuant to Government Code §54954.2

None

c. General Manager on District Activities related to this Board Committee.

Mr. Palmer reported the following:

- CalPERS recently announced that their annual rate of return for the past 12 months was 11.7 percent.
- Staff recently had their annual conference call with the Trustee of the District's Other Post-Employment Benefits (OPEB) account – the Trustee reported that the District's account is well funded, the account balance is more than the District's liability; 1 year performance equaled 9.3 percent.
- Mark Poindexter has begun the audit of FY 2016/2017; Mark will conduct an audit presentation as usual at the October Board meeting; however, due to new requirements related to the OPEB actuarial this presentation will be of a draft audit; the final audit will be delayed until at least December; Mark will present the final audit once the final OPEB actuarial numbers are received.

The Finance Committee meeting adjourned at 2:15 p.m.

Minutes submitted by Brenda Krout, Clerk of the Board