NOTICE OF MEETING
FINANCE COMMITTEE/BOARD OF DIRECTORS (FINANCE)

MEETING DATE: 11-12-2020
TIME: 9:30 a.m.
LOCATION: This meeting will be held virtually, pursuant to the Governor’s Executive Order N-29-20.

To participate online, go to https://zoom.us/j/92122707777. You can also participate by phone by calling 1-699-900-9128 and entering the webinar ID#: 921 2270 7777.

During the public comment periods, the public may comment by clicking the “raise hand” button on the bottom of the Zoom screen; if you are joining by phone and would like to comment, press *9 and we will call on you as appropriate.

You may also submit your comments in advance or during the meeting by emailing them to BoardComment@MarinWater.org. Emailed comments on informational items will be provided to the committee and posted on our website. Emailed comments on approval items will be read aloud at the meeting prior to the committee taking action on the item, and posted on our website. *(Please do not include personal information in your comment that you do not want published on our website such as phone numbers and home addresses.)*

Comments should be limited to three minutes or less, or as determined by the committee chair.

<table>
<thead>
<tr>
<th>AGENDA ITEMS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call to Order</td>
<td></td>
</tr>
<tr>
<td>Adopt Agenda</td>
<td></td>
</tr>
<tr>
<td>Public Comment*</td>
<td></td>
</tr>
</tbody>
</table>

MARIN WATER BOARD OF DIRECTORS: LARRY BRAGMAN, JACK GIBSON, CYNTHIA KOEHLER, AND LARRY RUSSELL

*Members of the public may comment on any items not listed on the agenda during this time. Comments will be limited to three minutes per speaker, and time limits may be reduced by the Committee Chair to accommodate the number of speakers and ensure that the meeting is conducted in an efficient manner.*
## AGENDA ITEMS

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<thead>
<tr>
<th>Calendar</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>1. Minutes of the Finance Committee/Board of Directors (Finance) Meeting of October 22, 2020</td>
<td>Approve</td>
</tr>
<tr>
<td>3. CalPERS Actuarial Valuation Report 2020</td>
<td>Information</td>
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<tr>
<td>4. Resuming Normal Billing Procedures</td>
<td>Information</td>
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## ADA NOTICE AND HEARING IMPAIRED PROVISIONS:

In accordance with the Americans with Disabilities Act (ADA) and California Law, it is Marin Water’s policy to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodations, please contact Board Secretary Terrie Gillen at 415.945.1448, at least two days in advance of the meeting. Advance notification will enable the Marin Water to make reasonable arrangements to ensure accessibility.

INFORMATION PACKETS ARE AVAILABLE FOR REVIEW AT THE CIVIC CENTER LIBRARY, CORTE MADERA LIBRARY, FAIRFAX LIBRARY, MILL VALLEY LIBRARY, MARIN WATER OFFICE, AND ON THE MARIN WATER WEBSITE (MARINWATER.ORG)

## FUTURE BOARD MEETINGS:

- **Tuesday, November 17, 2020**
  Regular Bi-Monthly Board of Directors’ Meeting
  7:30 p.m.

- **Wednesday, November 18, 2020**
  Communications Committee/Board of Directors (Communications) Meeting
  9:30 a.m.

- **Friday, November 20, 2020**
  Operations Committee/Board of Directors (Operations) Meeting
  9:30 a.m.

Board Secretary
Approval Item

TITLE
Minutes of the Finance Committee/Board of Directors (Finance) Meeting of October 22, 2020

RECOMMENDATION
Approve the adoption of the minutes.

SUMMARY
On October 22, 2020, the Finance Committee/Board of Directors (Finance) held its monthly meeting. The minutes of that meeting are attached.

DISCUSSION
None

FISCAL IMPACT
None

ATTACHMENT(S)
1. Minutes of October 22, 2020, Meeting of the Finance Committee/Board of Directors (Finance)

<table>
<thead>
<tr>
<th>DEPARTMENT OR DIVISION</th>
<th>DIVISION MANAGER</th>
<th>APPROVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications &amp; Public Affairs</td>
<td>Terrie Gillen</td>
<td>Ben Horenstein</td>
</tr>
<tr>
<td>Department</td>
<td>Board Secretary</td>
<td>General Manager</td>
</tr>
</tbody>
</table>

P a g e 1 | 1
MARIN MUNICIPAL WATER DISTRICT  
FINANCE COMMITTEE /BOARD OF DIRECTORS (FINANCE) MEETING  
MINUTES  
Thursday, October 22, 2020  
Via teleconference  
(In accordance with Governor Gavin Newsom’s Executive Order N-29-20)

DIRECTORS PRESENT: Larry Bragman, John C. Gibson, and Larry L. Russell  

DIRECTORS ABSENT: Cynthia Koehler  

CALL TO ORDER: Vice Chair Gibson called the meeting to order at 9:32 a.m.

ADOPT AGENDA:  
On motion made by Director Bragman and seconded by Director Russell, the board approved the adoption of the agenda by the following roll call vote:

- Ayes: Directors Bragman, Russell, and Gibson  
- Noes: None  
- Absent: Director Koehler  
- Abstain: None

PUBLIC COMMENT:  
There were no public comments.

CALENDAR ITEMS:  
ITEM 1. MINUTES OF THE FINANCE COMMITTEE /BOARD OF DIRECTORS (FINANCE) MEETING OF SEPTEMBER 24, 2020

On motion made by Director Russell and seconded by Director Bragman, the committee approved the minutes by the following roll call vote:

- Ayes: Directors Bragman, Russell, and Gibson  
- Noes: None  
- Absent: Director Koehler  
- Abstain: None

ITEM 2. MONTHLY FINANCIAL UPDATE – SEPTEMBER 2020

Finance Director Chuck McBride presented this item. Discussion ensued.
There was one public comment. The committee took no formal action.

ITEM 3. QUARTERLY INVESTMENT REPORT – SEPTEMBER 2020

Finance Director McBride also presented this item. Discussion followed.

There was no public comment. The committee took no formal action.

ADJOURNMENT
There being no further business, the Finance Committee/Board of Directors (Finance) meeting adjourned at 10:11 a.m.

_________________________  Board Secretary
Informational Item

TO: Finance Committee/ Board of Directors (Finance)

FROM: Charles McBride, Finance Director/Treasurer

THROUGH: Ben Horenstein, General Manager

DIVISION NAME: Administrative Services Division

ITEM: Monthly Investment Report - October 2020

SUMMARY
Pursuant to District Investment Policy No. 33, the monthly investment report is submitted to the Board for the month ending October 31, 2020.

The District’s investment portfolio (pooled cash) carried a market value of $82.1 million as of the end of October. The investments held included $74.3 million on deposit in the Local Agency Investment Fund (LAIF), $2.2 million on deposit in the Fidelity Government Money Market Fund, and $5.6 million in the District’s general checking account. Interest earned in October on the District’s portfolio totaled $140,371.

Pursuant to provision (2) of California Government Code section the District portfolio complies with the District’s investment policy. Pursuant to provision (3) of California Government code section 53646, the District establishes that it is able to meet its pooled expenditure requirements for the next six months.

ATTACHMENT(S)
1. Schedule of Investments and Yield Curve as of October 31, 2020
## Marin Municipal Water District
### Schedule of Investments
#### As of October 31, 2020

<table>
<thead>
<tr>
<th>Investment Description</th>
<th>Income/(Loss)</th>
<th>Purchases / Deposits</th>
<th>Ending Balance</th>
<th>Accrued Interest</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOCAL AGENCY INVESTMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>64,204,201</td>
<td></td>
<td>64,204,201</td>
<td>140,371</td>
<td>0.685%</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>268,188</td>
<td>(127,817)</td>
<td>140,371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase</td>
<td>6,000,000</td>
<td>4,000,000</td>
<td>10,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>70,472,389</td>
<td>(127,817)</td>
<td>74,344,572</td>
<td>140,371</td>
<td></td>
</tr>
<tr>
<td><strong>DISTRICT INVESTMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fidelity Gov't Money Market Fund</td>
<td>2,171,444</td>
<td>808</td>
<td>2,172,252</td>
<td>808</td>
<td>0.010%</td>
</tr>
<tr>
<td>Corporate Obligations</td>
<td>11,200</td>
<td></td>
<td>11,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Bank Checking Account</td>
<td>4,353,754</td>
<td>12,082,880</td>
<td>(10,820,869)</td>
<td>5,615,765</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td>77,008,787</td>
<td>16,082,880</td>
<td>(10,820,869)</td>
<td>82,143,789</td>
<td>0.666%</td>
</tr>
</tbody>
</table>

### Yield Curve
#### October 2020

[Graph showing yield curve with various rates labeled on the x-axis and corresponding percentages on the y-axis.]
Informational Item

TO: Finance Committee/Board of Directors (Finance)

FROM: Charles McBride, Finance Director

THROUGH: Ben Horenstein, General Manager

DIVISION NAME: Administrative Services Division

ITEM: CalPERS Actuarial Valuation 2020

SUMMARY
The District participates in a defined benefit pension plan administered by the California Public Employees’ Retirement System, or CalPERS. This annual valuation report provides details on the plan, including annual required contribution rates, funded status, and assumptions used in establishing costs. Staff will provide a brief presentation on report and the state of our pension plan.

DISCUSSION
CalPERS has provided the District with the annual valuation report, which sets the annual required contribution (ARC) for fiscal year 2021-22.

The ARC is essentially the annual cost of the pension plan to the District and is comprised of two elements – the normal cost and the amortization of the unfunded accrued liability (UAL). The normal cost for FY 2021-22 decreased modestly from $4.52 million in the current year to $4.49 million. The UAL amortization is $8.1 million, an increase of almost $1 million compared to $7.2 million for the current years.

The decrease in the normal cost is largely attributable to the composition of employees. New employees who have never been in CalPERS receive a lower retirement benefit and therefore have a lower annual cost to the District. Of the 227 active members in the plan, 76 employees, or one-third, fall in this lower benefit group.

The plan’s funded status remains stable at 62.3 percent at the valuation date (June 20, 2019). The accrued liability of the plan, which is the present value of benefits owed to employees, is $272.3 million and the plan assets, based on market value, are $170.2 million, leaving the District with a UAL of $103.1 million. This UAL is amortized over a number of years according to
terms set by CalPERS. The actuarial assumption for investment returns on the pension assets is 7 percent per year. Any gains or losses from this target are amortized over a period of 20 years.

Investment return in the CalPERS portfolio are highly volatile. For example, returns have ranged from 0.6 percent to 20.7 percent since the country entered recession in 2009. CalPERS in the past years has taken steps to reduce risk in the investment portfolio, reducing the expected rate of return from 7.5 percent to 7 percent.

Staff continues to monitor actions by CalPERS and will continue to pursue strategies to reduce the District’s pension costs in coming years. The District has established a pension reserve, currently funded at $2 million, to address unpredictable annual costs caused by market volatility in the CalPERS portfolio.

FISCAL IMPACT
None

ATTACHMENT(S)
None
Informational Item

TO: Finance Committee/Board of Directors (Finance)
FROM: Charles McBride, Finance Director
THROUGH: Ben Horenstein, General Manager
DIVISION NAME: Administrative Services Division
ITEM: Resuming Normal Billing Procedures

SUMMARY
The District has taken efforts to ease the financial stress customers are experiencing due to the current pandemic. This report will examine procedures for returning to normal billing procedure and how to address customers in arrears.

DISCUSSION
In response to the COVID outbreak and the resulting financial stress District customers have experienced, the District ceased collections efforts in March 2020.

The normal collection process, known as dunning, follows a stepped protocol for customer collections that progresses from late payment charges to various written and telephonic communication regarding a delinquent customer account and, finally, progresses to shutoff of water service and the involvement of an outside collection agency.

Earlier this year, the board approved several measures to provide financial assistance to customers, including suspension of water service terminations for nonpayment and delaying the rate increase scheduled for July 2020. The board also directed staff to consider other ways to provide financial relief for customers, including extended payment plans for customers in arrears.

A one-time extended repayment plan is expected to follow some return to normal conditions for District customers. The repayment plan that staff is contemplating would be offered automatically to customers who have a certain billed amount that is delinquent and could be spread over a term 24 months. Of the District’s approximately 60,800 customers, 6,381 were delinquent by 60 days or more, totaling $1.8 million in late payments, as of October 2020. This was an increase when compared to the same time in 2019, where delinquencies were 3,527 for a total of approximately $500,000.
The extended repayment plans are expected to coincide with a return to normal billing and collection procedures. In order to do this, the District will need to address some key issues, including determining when this return to normal billing occurs. In determining this timing issue, the District can consider a number of variables, including the status of the shelter in place order, the county’s tier assignment, and local economic conditions. The current District Code Section 11.28.030 allows the District to provide delinquent customers a payment plan or alternative payment plan, but this cannot exceed 12 months. The District would be able to provide for a one-time exception to the 12-month maximum term with Board action. Staff expects that customers will be allowed to opt out of the extended repayment plan if they would prefer to repay faster.

Based on board input, staff will develop a time table for returning to normal billing and how collection activities are phased back into use. The final plan will be brought to a meeting of the Board of Directors for approval.

FISCAL IMPACT
None

ATTACHMENT(S)
None