



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Monday, November 21, 2016
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

FINANCE COMMITTEE MEETING

CALL TO ORDER

The meeting of the Board of Directors was called to order on November 21, 2016 at 3:33 p.m. by Chairman Temianka at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Atkinson led the Pledge of Allegiance.

Directors Present

Ethan Temianka, Vice President, Chair
Jim Atkinson, Director
Fred R. Bockmiller, Director *(arrived at 3:37 p.m.)*
James R. Fisler, Director

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Assistant General Manager/
District Secretary
Andrew Hamilton, Chief Financial Officer/District Treasurer

Others Present

Sanjay Gaur, Vice President, Raftelis Financial Consultants, Inc.
William S. Morgan, CPA, Principal, White Nelson Diehl Evans, LLP
Paul Pender, Vice President, Fieldman, Rolapp & Associates
Robert Porr, Senior Vice President, Fieldman, Rolapp & Associates

PUBLIC COMMENTS

There were no comments on non-agendized comments.

CONSENT CALENDAR ITEMS:

1. Accounts Paid Listing
2. Monthly Financial Reports
3. Major Staff Projects

MOTION

Motion by Director Fisler, second by Vice President Temianka, to approve Items 1-3 of the Consent Calendar. Motion passed 3-0-2, with President Dewane and Director Bockmiller absent.

PRESENTATION AND DISCUSSION ITEMS:

4. Refinancing of Debt

General Manager Shoenberger introduced Chief Financial Officer Hamilton who gave a brief overview of the topic. CFO Hamilton introduced Fieldman, Rolapp & Associates' Senior Vice President Robert Porr and Vice President Paul Pender.

Mr. Porr proceeded with the presentation, entitled "Debt and Pension Liabilities Reduction and Saving Options", which highlighted the following:

- Municipal Bond Market Update
- 2010 COP Refunding Opportunity/Savings
- Unfunded Pension Update
- Options for COP and Pension Savings

Mr. Porr responded to questions and the Board thanked Messrs. Porr and Pender for the presentation.

Motion by Director Bockmiller, second by Director Fisler, to proceed with refunding the 2010 Certificates of Participation. Discussion ensued and the motion was withdrawn.

MOTION

Motion by Vice President Temianka, second by Director Atkinson, to direct staff to bring back to a future meeting, the topic of refinancing Mesa Water District's 2010 Certificates of Participation, including additional information as requested by the Board. Motion passed 4-0-1, with President Dewane absent.

5. Debt Management Policy

GM Shoenberger introduced the item. Discussion ensued and the Board thanked him for the information.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to direct staff to bring back to a future meeting a Debt Management Policy. Motion passed 4-0-1, with President Dewane absent.

6. Fiscal Year 2016 Annual Reimbursement Report

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to receive and file the Fiscal Year 2016 Annual Reimbursement Report (CA Government Code 53065.5) for the period of July 1, 2015 through June 30, 2016. Motion passed 4-0-1, with President Dewane absent.

7. Additional Auditing Services

GM Shoenberger introduced CFO Hamilton who gave a brief overview of the topic. CFO Hamilton introduced White Nelson Diehl Evans' Principal and CPA Bill Morgan who proceeded with the presentation which highlighted the following:

- Financial Audits
- Fraud Audits
- COSO Framework/Review
- Fraud Detection
- Options

Mr. Morgan responded to questions and the Board thanked him for the presentation.

Motion by Director Bockmiller to hire an auditor to perform, by January 1, 2017, a comprehensive entity-wide review of Mesa Water's operations and internal control environment in regards to fraud prevention. The motion died due to a lack of a second.

Discussion ensued and the Board directed staff to bring the item back to the next meeting of the Finance Committee.

8. Water Cost Comparison

GM Shoenberger introduced Raftelis Financial Consultants' Vice President Sanjay Gaur who proceeded with the presentation which highlighted the following:

- Water Rates Comparison 2013
- Using Water Rates to Measure Operational Efficiency
- Sources of Income 2014
- Expenditure Comparison 2013 vs. 2014
- Population and Total Expenditure 2013 vs. 2014
- The Value of Water and Water Conservation

Mr. Gaur responded to questions and the Board thanked him for the presentation.

ACTION ITEMS:

None.

REPORTS:

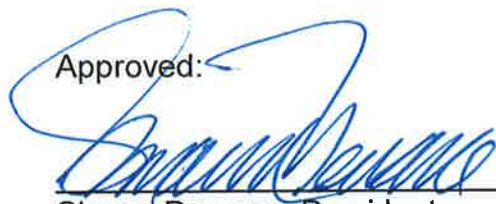
9. Report of the General Manager
10. Directors' Reports and Comments

INFORMATION ITEMS:

None.

The Board meeting was adjourned at 5:43 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary