



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 18, 2011 beginning at 3:04 p.m.

COMMITTEE MEMBERS PRESENT: Peter M. Kaiser
William D. O'Brien
Stan Greene, Chairman

COMMITTEE MEMBERS ABSENT: None

STAFF PRESENT: John K. Correa, General Manager
Brenda Krout, Administrative Officer
Ron Sheets, Operations Superintendent

OTHERS PRESENT: Mark Zirbel, District Legal Counsel

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

None

2. **Review of Monthly & Quarterly Investment Reports**

Staff reviewed the monthly and quarterly investment reports that are currently provided to the Board. Staff presented a proposed replacement for these reports, stating that the proposed reports contain all of the appropriate financial information to be provided to the Board but are less cumbersome and time consuming for staff to prepare.

Howard Smith, of Morgan Stanley, commented on the proposed quarterly report and discussed details on statements from Morgan Stanley.

The Committee reviewed and discussed, with Mr. Smith, individual investments listed on the quarterly report questioning the background of some of the companies. It was agreed that Mr. Smith would provide information about these companies and will review the quarterly investment report with the full Board at the April 25, 2011 meeting.

The Committee unanimously supported presenting a recommendation to the Board to accept the new investment report format as meeting the basic needs of the Board and all legal requirements.

The Committee expressed concern about investing with Monsanto Corporation due to the type of products they produce, pesticides, etc. The Committee unanimously supported presenting a recommendation to the Board to consider discontinuing any investments with Monsanto Corporation.

Mr. Smith left at this point in the meeting.

3. **Review of District Reserve Accounts**

Mr. Correa presented a review of the District's reserve accounts, showing detailed spreadsheets on each reserve displaying the types of equipment, vehicles, etc. accounted for in each reserve. Mr. Correa explained that staff recently completed updates of the detailed sheets; these updates resulted in recommended increases in the annual contribution to most of the reserves. M. Correa explained that staff conducts an update of the replacement values related to each reserve every five years and suggests the contribution be increased annually by the construction cost index.

Director O'Brien questioned the validity of using current replacement costs versus future cost when calculating the appropriate annual contribution to the reserves. It was agreed that staff will work on preparing a comparison of current replacement costs versus future costs and present this to the Committee at their next meeting.

The next Committee meeting was scheduled for April 28, 2011 at 3:00 p.m.

4. **Discussion**

a. Audience

None

b. Committee Members

None

c. General Manager

None

The Finance Committee meeting adjourned at 5:02 p.m.

Minutes submitted by Brenda Krout, Clerk of the Board