



CAYUCOS SANITARY DISTRICT

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**BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING AGENDA
WEDNESDAY, JULY 24, 2024 AT 10:00AM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430**

1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT

As this is a special meeting, members of the public may speak before consideration of the item that appears on this agenda, however, there is no opportunity afforded under the Brown Act to speak on a non-agendized items.

3. DISCUSSION AND REVIEW OF CAYUCOS SANITARY DISTRICT'S CURRENT FINANCIAL INVESTMENTS AND LIABILITIES

4. ADJOURNMENT

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CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: FINANCE COMMITTEE

FROM: GAYLE GOOD, ADMINISTRATIVE ACCOUNTING MANAGER

DATE: JULY 19, 2024

SUBJECT: DISCUSSION AND REVIEW OF CURRENT FINANCIAL INVESTMENTS AND LIABILITIES

ASSETS DISCUSSION

The CSD Investment Policy directly reflects the requirements and restrictions of the State of California which strictly limits the investments that a public entity can pursue. The bulk of the CSD's long-term assets are held with CalTrust; the balances remain with Cetera and LAIF. Immediately accessible accounts are held at Wells Fargo Bank.

CalTrust

As of June 30 2024, our portfolio at CalTrust is held in their Medium-Term Fund and is valued at \$2,613,462.60. The balance on July 1, 2023 was \$2,499,062.43 for an increase in value of \$114,400.17 last fiscal year.

Cetera

At the end of last fiscal year, our Cetera account was valued at \$68,892.27 with 42% held in their Money Funds and 58% invested in bonds.

LAIF

We maintain a minimal amount in this State administered fund of \$8,956.97.

Wells Fargo (account balances as of 6/30/2024)

- General checking account: \$ 779,006.97
- Capital Improvement Project (CIP) account balance: \$1,189,358.84
- Standby/Lot Fee: \$ 250,129.64
- USDA Loan Payment Account: \$ 822,345.44

Wells Fargo has grouped our accounts to minimize account fees and maximize earnings allowance. The accounts as a group earn 1.65% interest which offsets service fees. After deducting fees, the accounts earned \$13,719.28 last fiscal year.

Properties Held for Resale

Lot 7N is currently in escrow with the Land Conservancy of San Luis Obispo with proceeds estimated at \$1,217,851.

LIABILITIES DISCUSSION

We currently have two long-term liabilities, the Western Alliance Series B \$9M loan (4.64% interest over 10 years) that enabled us to complete construction of the CSWP project, and the \$24,301,500 USDA Rural Development loan (1.75% interest over 40 years), our main funding for construction of the WRRF.

Western Alliance: The Second Amendment to the Installment Purchase Contract was entered into on February 1, 2021 to enable the District to complete construction of the CSWP. The installment payments are scheduled semi-annually in April (principal and interest) and October (interest only) commencing October of 2021 with the final payment scheduled in April of 2030.

Following the 2022 Finance Committee Meeting, the Board determined that the proceeds from the sale of Lots 6N and 6SW should be used to pay down and re-amortize the loan; \$750,000 in principal was pre-paid in April 2022, saving the District \$184,242.83 in interest.

The current loan balance is \$3,811,527 with the next interest payment of \$88,427.43 due 10/1/2024.

USDA: On February 1, 2021, the District entered into a Trust Agreement with the USDA Department of Rural Development with payments scheduled semi-annually in February (interest only) and August, commencing February of 2022 with annual P&I payments averaging \$850,000 over the next 40 years, ending in 2060.

The current loan balance is \$23,444,500 with the next principal and interest payment due 8/1/2024 in the amount of \$645,139.

CalPERS Unfunded Retirement Pension Liability: The District carries an Unfunded Liability for our Classic employees (those hired prior to 2012) with a current balance of \$847,340; payoff estimated in 2044. The District currently budgets for the required payment amount on an annual basis.

RECOMMENDATIONS

1. Staff recommends that the Board consider utilizing the monies from the sale of Lot 7N and funds from various investment accounts to pay off or significantly pay down the Western Alliance Series B loan. Payoff by October 1, 2024 will result in approximately \$554,000 in interest savings.
2. Review alternate amortization schedules for pre-paying the CalPERS Retirement Unfunded Liability obligation for potential interest savings of \$268,823.
3. Discuss alternative investment vehicle; CSDA has established California CLASS (Cooperative Liquid Assets Securities System), a Joint Powers Authority investment pool.
4. Discuss additional Capital Improvement Projects.