

Finance Directors Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on January 27, 2022, at 1:00 p.m. by Chair Javier Carcamo on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

Chair Carcamo led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Beaumont - Jennifer Ustation
- City of Calimesa - Celeste Reid*
- City of Canyon Lake - Terry Shea
- City of Corona - Christine Thompson
- City of Hemet - Lorena Rocha
- City of Jurupa Valley - Connie Cardenas
- City of Lake Elsinore - Brendan Rafferty
- City of Moreno Valley - Brian Mohan
- City of Murrieta - Javier Carcamo (Chair)
- City of Norco - Lisette Free
- City of Riverside - Edward Enriquez
- City of San Jacinto - Erika Gomez
- City of Temecula - Ward Komers
- City of Wildomar - Bob Howell
- Western Municipal Water District (WMWD) - Rod LeMond
- March Joint Powers Authority - Matt Schenk
- Riverside County Office of Education - Dr. Scott Price

*Arrived after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – (March JPA / Wildomar) 14 yes; 0 no; 0 abstention. Items 5.A and 5.B were approved. The City of Corona did not vote.

A. Summary Minutes from the October 28, 2021, Finance Directors Committee Meeting

Action:

1. Approved the Summary Minutes from the October 28, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

6. REPORTS / DISCUSSION

A. Fiscal Year 2020/2021 Audit

Terry Shea, Partner, Rogers, Anderson, Malody and Scott presented on WRCOG's Fiscal Year 2020/2021 Audit. After a comprehensive audit of all financial statements, the auditors provided an unmodified opinion on the FY 2020/2021 Annual Comprehensive Financial Report (ACFR). This opinion is the highest form of assurance an auditing firm can provide its client. Additionally, WRCOG has received the distinguished "Certificate of Achievement for Excellence" in Financial Report from the Government Finance Officers Association for the last seven consecutive years. This Award recognizes that the Agency is transparent, has provided full disclosure of its financial statements, and that the users of the ACFR have all the information needed to draw a financial conclusion of the Agency.

Action:

1. Received and filed.

B. Inland Regional Energy Network Activities Update

Benjamin Druyon, WRCOG Program Manager, reported that the Business Plan and budget for the Inland Regional Energy Network (I-REN) was approved by the California Public Utilities Commission (CPUC) in the amount of \$65 million for years 2022 – 2027. For those jurisdictions which opt-in to participate in I-REN, staff have identified approximately \$25,000 each year for technical services, as well as access to Building Upgrade Concierge, energy modeling services, bench marking, and quarterly Title 24 training.

Staff is working on a Memorandum of Agreement (MOA) with the Coachella Valley Association of Governments and the San Bernardino Council of Governments, a Governance & Operations Charter, and a Program Agreement with SoCal Gas. The MOA and Charter will be presented to committees in the future once completed. Staff desires to model the WRCOG Fellowship Program for an I-REN Intern Program (REN-terns) in which interns will be housed at member agency locations. I-REN is required by the CPUC to file a Joint Cooperation Memorandum, which was filed in January 2022. Working groups for each sector of the Program need to be created. An I-REN Executive Committee needs to be created, which will include as many as three elected officials from each COG. These matters will be presented during a future meeting. A consultant has been selected to assist with I-REN implementation and staff will be presenting a Professional Services Agreement to the Administration & Finance and Executive Committees for approval.

Action:

1. Received and filed.

C. 2nd Quarter Draft Budget Amendment for Fiscal Year 2021/2022

Andrew Ruiz, WRCOG Chief Financial Officer, reported that WRCOG had two major amendments during the 2nd quarter – HERO Legal Expenses and the I-REN budget.

Legal expenses for the HERO Program were higher than originally anticipated. WRCOG's partner in the Program declared bankruptcy in December 2020, causing a drastic increase in legal expenses for WRCOG. With the increase in revenues from early payoffs of assessments, there will be a total net increase in revenues of \$30k for the Program.

WRCOG's I-REN has received budget approval by the California Public Utilities Commission for a six-year, \$65 million budget. The budget amendment for the remainder of FY 2021/2022 is approximately \$5 million, but the full annual budget for I-REN is over \$10 million.

Any unspent funds from any calendar year can be rolled over to the next until the program cycle ends, which is 2027.

Action:

1. Recommended that the Executive Committee approve the 2nd Quarter draft Budget Amendment for Fiscal Year 2021/2022.

(Wildomar / Canyon Lake) 15 yes; 0 no; 0 abstention. Item 6.C was approved.

D. The Economy and Financial Markets

Richard Babbe, Managing Director, Public Financial Management, reported that the U.S. GDP is rebounding from the pandemic, with better-than-expected corporate profit margins fueling the equity market. The unprecedented accommodative monetary policy and fiscal stimulus, continued adaptation of all sectors of the economy, and having access to the COVID-19 vaccines are all driving factors to the growth during this last quarter. Some growth that is expected to moderate is the persistent damage to the supply chain that continues to disrupt the production and distribution within the network, as well as age-related impacts to the labor force growth predating the pandemic. The Fed Funds Rate are set to have four rate hikes during 2022, with rate hikes based on an assumed rate move of 25 basis points (0.25%). The 2-year and 5-year U.S. Treasury rates raised rapidly in the later half of 2021.

WRCOG's investments continue to follow a consecutive investment approach and have continued to outperform the benchmark Treasury Index.

Action:

1. Received and filed.

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz, WRCOG Chief Financial Officer, shared that he and his staff will be attending the annual California Society of Municipal Finance Officer's meeting and hopes to see some of the Committee members in person.

8. ITEMS FOR FUTURE AGENDAS

Committee members requested a presentation on Cyber Security.

9. GENERAL ANNOUNCEMENTS

There were no general announcements.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 28, 2022, at 1:00 p.m., on the Zoom platform.

11. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 1:55 p.m.