

FORESTHILL PUBLIC UTILITY DISTRICT

www.foresthillpud.com

BOARD OF DIRECTORS

Gregory L. Wells
Duane L. Frink
William L. Sadler, Jr.
Brett C. Grant
George S. Shaw

Kurt W. Reed, General Manager
Paul Chamberlain, District Counsel

NOTICE OF MEETING AND AGENDA FORESTHILL PUBLIC UTILITY DISTRICT FINANCE COMMITTEE

February 10, 2009
6:00 PM

Foresthill Public Utility District Office
24540 Main Street
Foresthill, California

Brett C Grant, Chairperson

Adam W. Larsen, Committee Member

- A. CALL TO ORDER/ROLL CALL
- B. INTRODUCTIONS AND PRESENTATIONS
- C. AGENDA CHANGES AND REVIEW
- D. PUBLIC COMMENT

Any member of the public may address the Committee on any matter within the jurisdictional authority of the Committee, or on any item on this agenda before or during the Committee's consideration of that item. Such testimony shall be limited to three minutes per person, or such other time limit as may be imposed by the Chairperson in order to enable the Committee to complete its agenda within a reasonable period of time.

- E. GENERAL ITEMS
 - 1. New Business
 - a. Review 2008 Finance Committee's Year End Report.
 - b. Review Fiscal Year 2008 – 2009 Budget Report (as of 1/31/09).
 - c. Formulate Ideas and Outline for 2009 – 2010 Fiscal Year.
- F. ADJOURNMENT

I certify that on February 5, 2009 I personally posted a copy of this agenda in public view at 24540 Main Street in Foresthill, California.

Jo Ann Glover, Acting Business Manager

P.O. Box 266 24540 Main Street Foresthill, California 95631-0266 (530) 367-2511 Fax (530) 367-4385

Pat Pappas

From: bounce-members-6809@csmf.org on behalf of Alexander, Crystal [crystal.alexander@culvercity.org]
Sent: Friday, October 03, 2008 9:33 AM
To: CSMFO Members
Subject: [members] State Treasurer's Response to Issues Regarding State Liquidity Problems and LAIF
Attachments: oledata.mso; image002.gif; image006.wmz

The following (below) has been issued from the State Treasurer's Office. It outlines State Treasurer Lockyer's position succinctly.

Yesterday I posed the following question:

Does anyone think the current credit crunch and its effects on CA might cause another similar freeze to access to LAIF assets? If so, are you planning or already reduced your holdings in LAIF?

As prudent managers of the funds from our local jurisdictions, it is our duty to maintain watch over changing market conditions. There have been more momentous changes in the marketplace in the last three weeks than many of us have seen in our entire careers.

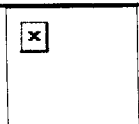
The consensus of the responses received, many of which were over the phone, is as follows:

- 1) If the liquidity problems being faced by the State worsen, it is more likely that the State would take an action such as withholding disbursement of the sales tax (similar to what they did previously with the gas tax), as opposed to revoking or amending (e.g. to allow LAIF to be used as collateral) the statute that protects funds deposited with LAIF. Any such actions should require enough deliberation that money managers could make short term adjustment to meet local liquidity needs.
- 2) Stating the obvious to this group, there are far fewer safe harbors for public funds than existed just a few months earlier. Prudent money managers are keeping liquid funds, as they have in the past, in multiple locations. However, the general consensus is that the statute which local money managers work hard to pass that protects LAIF from various state raids should be strong enough to weather the current storm.

That all being said, I'm certain we'll all be vigilant in monitoring these changing financial conditions as they unfold. Just as local money manager are tasked with finding creative solutions to problems, the same goes on, lately by the hour, in Sacramento and Washington, DC.

STATE OF CALIFORNIA

Bill Lockyer, Treasurer



OFFICE OF THE TREASURER

P. O. BOX 942809

SACRAMENTO, CA 94209-0001

10/3/2008

October 2, 2008

As Treasurer of the State of California, I believe it is my duty as California's chief fiscal officer to do all that I can to preserve and protect the financial integrity of this state. I do not take that responsibility lightly. Consequently, I have commented publicly that a national economic stabilization plan is absolutely and urgently necessary to begin to restore investor confidence in financial marketplaces. I have not advocated the specifics of any proposal, but I have said and I am convinced that failure by Congress to enact a timely and effective plan jeopardizes the ability of public and private debt issuers to come to market. Chief among those imperiled public debt issuers at the moment is the State of California, though many of your jurisdictions have surely also been affected by the credit freeze. As Controller John Chiang and I have recently mentioned publicly, the State's cash reserves will be depleted by late October, making passage of a stabilization plan and unlocking the nation's credit market essential to permit the state to meet its cash needs before the end of the month.

As State Treasurer I am also the steward of State money and Local Government money which is voluntarily commingled within the Pooled Money Investment Account (PMIA). The State's fiscal crisis has an impact on the PMIA, but only to the extent of determining the pro rata participation of the State in the commingled fund. If the cash reserves of the State of California are exhausted, then the participation by the State's General Fund in the PMIA is zero. Nothing more and nothing less. There is no correlation between General Fund cash reserves and your funds on deposit in the LAIF. Those funds were yours before they were deposited, they remain yours while on deposit, and they will be returned directly to you upon only your demand.

I or my staff will be happy to answer any questions arising from my comments regarding the state's financial condition and the need for Federal intervention in the financial markets, or from any event that might ever cause you concern. If you have a question or concern, please contact the professionals in my Investment Division and LAIF unit.

Sincerely,



10/3/2008

ACWA HBA Rate Structure Criteria

Effective January 1, 2009

Standard Rates

- **Eligibility**
 - Employees must be full-time employees of the district
 - Directors may be covered if employees are covered
 - Retirees may be covered if employees are covered
 - Dependents of a class may be covered if the subscriber is covered
 - All subscribers must enroll in a district-sponsored plan but employees with other coverage may waive district-provided coverage (district must obtain written documentation of other group coverage)
 - If any class of individuals is covered, all individuals within that class must be covered

- **Plans Offered**
 - A District may offer non-ACWA HMOs at the same time as CaliforniaCare, but may not offer a non-ACWA PPO or FFS plan at the same time as Prudent Buyer

- **Employer Contribution to Premium**
 - Contribution shall be no less than 100% of the employee-only portion of the premium of the least expensive ACWA medical plan offered excluding the Medicare eligible plans
 - Contribution for single coverage shall be the same for employees and directors and may be as little as 50% of the retired single employee rate
 - Contribution to coverage for dependents of active employees and directors must be identical, may be less for dependents of retirees and may be in the range of 0% to 100%.
 - If the district pays 100% of the employee **and** dependent premium then all eligible employees and their dependents will be enrolled

- **Other Criteria**
 - Employer cannot have any personnel policies or union contracts that create selection against the ACWA plans such as
 - Deferred retiree coverage
 - Extension of coverage to part-time employees or contractors
 - Leave policies that extend coverage beyond health plan contract limitations
 - Any policy or practice or agreement that creates selection against the ACWA health plans

ACWA HBA Rate Structure Criteria

Effective January 1, 2009

Incentive Rates

- **Eligibility**
 - Employees must be full-time employees of the district
 - Directors may be covered if employees are covered
 - Retirees may be covered if employees are covered
 - Dependents of a class may be covered if the subscriber is covered
 - All subscribers must enroll in a district-sponsored plan
 - If any class of individuals is covered, all individuals within that class must be covered

- **Plans Offered**
 - District offers only ACWA-sponsored health (medical) plans

- **Employer Contribution to Premium**
 - Contribution for actives, directors and retirees shall be no less than 100% the employee-only portion of the premium of the least expensive ACWA medical plan offered excluding the Medicare eligible plans
 - District contributes at least 50% of the additional premium for dependents of actives, directors and retirees
 - Contribution to coverage for dependents of directors and retirees must be identical to the contribution made for dependents of employees
 - If the district pays 100% of the employee **and** dependent premium then all eligible employees and their dependents must be enrolled

- **Other Criteria**
 - Employer cannot have any personnel policies or union contracts that create selection against the ACWA plans such as
 - Deferred retiree coverage
 - Extension of coverage to part-time employees or contractors
 - Leave policies that extend coverage beyond health plan contract limitations
 - Any policy or practice or agreement that creates selection against the ACWA health plans
 - Early retiree population is less than 20% of total enrollment
 - Medicare-eligible retirees are required to elect Medicare A & B



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Date: November 18, 2008
Reference No.:

Circular Letter No.: 200-056-08
Distribution: I, IA, VI
Special:

Circular Letter

RECEIVED
NOV 18 2008
FOREIGN...

TO: ALL PUBLIC AGENCIES

SUBJECT: INVESTMENT RETURN IMPACT ON EMPLOYER RATES

**ATTENTION: FINANCE DIRECTORS, HUMAN RESOURCE DIRECTORS,
PUBLIC AGENCY DECISION MAKERS**

CalPERS is sending this circular as a result of our commitment to periodically provide information regarding the current financial market volatility impact to the CalPERS trust fund, to our employers and to our members. CalPERS continues to manage a well diversified portfolio and maintain a prudent, long term investment strategy in order to ensure the financial security for those we serve.

RECENT EMPLOYER OUTREACH

CalPERS issued Circular Letter 310-050-08 on October 6, 2008 in order to inform public agencies of the CalPERS investment policy and strategy during the market decline. That Circular Letter also addressed the impact of financial market volatility on employer contribution rates and on the security of retiree benefits. On October 21, 2008, CalPERS staff presented an agenda item to the Board of Administration that assessed the impact to the System's funding status and employer contribution rates under various 2008/2009 fiscal year investment return scenarios. In addition, CalPERS Board Members and Executive staff addressed these same issues extensively during the 2008 CalPERS Educational Forum that was held in southern California from October 27 through October 29. This Circular Letter updates the information shared in October and includes the impact of a revision to the fiscal year 2007/2008 investment return and more recent asset return information during fiscal year 2008/2009.

FINAL 2007/2008 INVESTMENT RESULTS

In July 2008, CalPERS released preliminary net of fees investment returns for the 2007/2008 fiscal year of about negative 2.5 percent. Consistent with previous years, this announced return was labeled preliminary because the market value figures for the real estate and Alternate Investment Management (AIM) programs were as of March 31, 2008 and December 31, 2007, respectively.

IMPACT ON 2011/2012 PUBLIC AGENCY EMPLOYER RATES

The investment return for fiscal year 2008/2009 will first impact public agency employer contribution rates in the 2011/2012 fiscal year. As a result of the rate stabilization method adopted by the Board, the impact on employer rates will be greatly mitigated. However, the smoothing method adopted by CalPERS imposes a corridor of 80 percent to 120 percent of the market value of assets when determining the smoothed actuarial value of assets. Stated another way, the 15 year smoothing method stops when the actuarial value of assets hits 120 percent of the market value of assets or 80 percent of the market value assets.

The corridor limit will be hit if the 2008/2009 investment return reaches about negative 13 percent. Investment return lower than negative 13 percent will produce a significantly greater impact on employer rates. Note that the impact on employer rates will vary from plan to plan based on the assets of your plan compared to the payroll of active members of your plan. The higher the ratio of assets to payroll, the greater the change in employer rate.

The table below shows the estimated impact of various 2008-2009 investment returns on the employer rate for fiscal 2011/2012.

ESTIMATED Change in Employer Contribution Rates in Fiscal 2011/2012

	Hypothetical Investment Return for 2008-2009						
	-20% Return	-15% Return	-10% Return	0% Return	7.75% Return	10% Return	20% Return
Range of Estimated Changes in Rates in Fiscal Year 2011/2012	Increase of about 2% to 5% of Payroll	Increase of about 1% to 2% of Payroll	Increase of about 0.2% to 0.5% of Payroll	Increase of about 0.1% to 0.2% of Payroll	Decrease of less than 0.1% of Payroll	Decrease of about 0.1% to 0.2% of Payroll	Decrease of about 0.2% to 0.5% of Payroll

If CalPERS does experience a negative return in 2008-2009 as illustrated above, and then returns to its anticipated 7.75 percent investment return, employer rates would likely continue to rise slowly over time. Returns in excess of 7.75 percent in subsequent years would be necessary to prevent a steady rise in employer rates.

For example, if the 2008/2009 fiscal year ends with an investment return of negative 20 percent, investment returns of 7.75 percent in the next few years would result in increases in employer rates of about 0.2 percent to 0.6 percent of payroll each year.

BUDGET REPORT
(CASH FLOW)
YEAR TO DATE vs. BUDGET
JANUARY 2009

GENERAL FUND	ACTUAL		BUDGET
REVENUE:			
WATER - RESIDENTIAL	\$610,920	64%	\$960,795
WATER - BUSINESS	\$95,825	39%	\$245,622
WATER - INDUSTRIAL	\$188	52%	\$360
3/4" METER UPGRADES	\$81	5%	\$1,500
METER INSTALLATION	\$1,875	15%	\$12,500
SERVICE INSTALLATIONS	\$81	5%	\$1,500
INSPECTION FEES	\$0	0%	\$5,000
SUGAR PINE SURCHARGE	\$102,948	58%	\$177,500
INTEREST - TAXES	\$403	47%	\$850
INTEREST - DISTRICT CHECKING	\$18	18%	\$100
PROPERTY TAX REVENUE	\$46,850	74%	\$63,280
WATER CHARGES PENALTIES	\$13,087	77%	\$17,000
SERVICE CHARGES & RECONNECTS	\$3,600	55%	\$6,500
MISCELLANEOUS INCOME	\$2,194	18%	\$12,500
STANDBY CHARGES	\$0	0%	\$2,700
TOTAL REVENUE:	\$878,070	58%	\$1,507,707
EXPENSES:			
SOURCE OF SUPPLY - SALARIES	\$5,310	82%	\$6,500
SOURCE OF SUPPLY - MAINTENANCE	\$809	81%	\$1,000
SOURCE OF SUPPLY - INSTRUMENTATION STUDY/RPT		0%	\$4,000
SOURCE OF SUPPLY - PIPELINE MAINTENANCE		0%	\$11,500
SOURCE OF SUPPLY - RESTORATION FEE	\$16,556	69%	\$24,000
SOURCE OF SUPPLY - STATE DAM INSPECTION	\$0	0%	\$29,000
SOURCE OF SUPPLY - H2O RIGHTS & STORAGE FEES	\$1,029	94%	\$1,100
SOURCE OF SUPPLY - VEHICLE EXPENSE	\$230	46%	\$500
SOURCE OF SUPPLY - POWER	\$1,633	48%	\$3,400
SOURCE OF SUPPLY SUB-TOTAL	\$25,567	32%	\$81,000
PUMPING - MAINTENANCE	\$24	2%	\$1,000
PUMPING - POWER	\$4,778	64%	\$7,500
PUMPING - PROPANE	\$754		
PUMPING - VEHICLE EXPENSE	\$220	55%	\$400
PUMPING SUB-TOTAL	\$5,776	65%	\$8,900
TREATMENT - SALARIES	\$63,796	63%	\$102,000
TREATMENT - EQUIPMENT MAINENANCE	\$6,678	191%	\$3,500
TREATMENT - GENERAL MAINTENANCE	\$2,017	22%	\$9,000
TREATMENT - STATE DEPT. OF HEALTH SERVICES	\$3,580	30%	\$12,000
TREATMENT - WATER ANALYSIS	\$5,974	66%	\$9,000
TREATMENT - VEHICLE EXPENSE	\$1,590	53%	\$3,000
TREATMENT - VEHICLE MAINTENANCE	\$7	1%	\$1,000
TREATMENT - CHEMICALS	\$12,776	77%	\$16,500
TREATMENT - POWER	\$3,340	32%	\$10,500
TREATMENT - PROPANE	\$2,426		
TREATMENT SUB-TOTAL	\$102,184	61%	\$166,500
T & D - SALARIES	\$104,623	56%	\$188,000
T & D - MAINTENANCE	\$6,728	36%	\$18,500

BUDGET REPORT
(CASH FLOW)
YEAR TO DATE vs. BUDGET
JANUARY 2009

T & D - PIPELINE MAINTENANCE	\$984	12%	\$8,500
T & D - EQUIPMENT REPAIR	\$3,959	132%	\$3,000
T & D - VEHICLE EXPENSE	\$4,968	71%	\$7,000
T & D - VEHICLE MAINTENANCE	\$2,149	36%	\$6,000
T & D - USA	\$150	100%	\$150
T & D - SHOP PROPANE	\$73		
T & D SUB -TOTAL	\$123,635	53%	\$231,150
METER READING - SALARIES	\$11,644	82%	\$14,200
METER READING - VEHICLE EXPENSE	\$778	58%	\$1,350
METER READING SUB-TOTAL	\$12,422	80%	\$15,550
ADMINISTRATION - SALARIES	\$128,276	56%	\$227,500
ADMINISTRATION - BOARD REMUNERATION	\$4,350	48%	\$9,000
ADMINISTRATION - OFFICE MAINTENANCE	\$1,266	63%	\$2,000
ADMINISTRATION - VEHICLE MAINT/EXPENSE	\$925	62%	\$1,500
ADMINISTRATION - ACCOUNTING & AUDITING	\$7,100	109%	\$6,500
ADMINISTRATION - COUNTY TAX COLLECTION CHARGE	\$0	0%	\$2,600
ADMINISTRATION - LEGAL SERVICES	\$25,226	168%	\$15,000
ADMINISTRATION - ENGINEERING SERVICES	\$7,422	49%	\$15,000
ADMINISTRATION - OFFICE SUPPLIES	\$12,361	103%	\$12,000
ADMINISTRATION - UTILITIES/TELEPHONE	\$2,834	31%	\$9,000
ADMINISTRATION SUB-TOTAL	\$189,760	63%	\$300,100
TRAVEL - SEMINAR/WORKSHOP	\$2,470	41%	\$6,000
OTHER GENERAL EXPENSE	\$4,993	59%	\$8,500
PUBLIC INFORMATION PROGRAM	\$1,482	37%	\$4,000
DUES & SUBSCRIPTIONS	\$7,964	106%	\$7,500
COMPUTER ENHANCEMENT SERVICE	\$5,897	49%	\$12,000
WORKMAN'S COMPENSATION INSURANCE	\$15,609	104%	\$15,000
PROP 218 COMPLIANCE	\$268		
LIABILITY AND VEHICLE INSURANCE	\$18,897	56%	\$34,000
DENTAL INSURANCE	\$5,653	57%	\$10,000
FICA - MC	\$24,261	67%	\$36,000
VISION INSURANCE	\$1,584	45%	\$3,500
MEDICAL INSURANCE	\$62,751	48%	\$130,000
LIFE & DISABILITY INSURANCE	\$2,220	49%	\$4,500
RETIREMENT	\$61,277	67%	\$91,500
STATE UNEMPLOYMENT INSURANCE	\$920	61%	\$1,500
UNIFORMS	\$2,894	76%	\$3,800
EDUCATION INCENTIVE	\$999	25%	\$4,000
MAINTENANCE - GENERAL PLANT	\$193	19%	\$1,000
PROPERTY TAXES	\$65	87%	\$75
ELECTION EXPENSE		0%	\$3,500
PROPOSITION 218 COST		0%	\$3,000
SUGAR PINE DEBT SERVICE	\$67,769	29%	\$230,313
GENERAL EXPENSES SUB-TOTAL	\$288,166	47%	\$609,688
TOTAL EXPENSES:	\$747,508	53%	1,412,888
CONTRIBUTION TO RESERVES	\$130,561	138%	\$94,819
DISTRICT RESERVES	ACTUAL		BUDGET
BEGINNING BALANCE	\$491,384	100%	\$491,384
REVENUE:			
GENERAL FUND RESERVE FUNDING	\$130,561	138%	\$94,819

BUDGET REPORT
(CASH FLOW)
YEAR TO DATE vs. BUDGET
JANUARY 2009

INTEREST	\$6,403	36%	\$18,000
GRANT REVENUE - PCWA - MASTER PLAN	\$0		\$15,000
TOTAL REVENUE:	\$136,964	107%	\$127,819
EXPENSES:			
SOURCE OF SUPPLY			
MISCELLANEOUS TOOLS & EQUIPMENT/RENTALS	\$0	0%	\$3,000
TREATMENT			
MISCELLANEOUS TOOLS & EQUIPMENT/RENTALS		0%	\$2,500
DISTRIBUTION			
MISCELLANEOUS TOOLS & EQUIPMENT/RENTALS	\$458	9%	\$5,000
ADMINISTRATION			
ASSESSMENT #708: 91-02 & 91-03 LOAN	\$27,273	55%	\$50,000
MASTER PLAN - CONSERVATION ELEMENT	\$1,984	13%	\$15,000
CIP - NEXUS STUDY			\$10,000
STRATEGIC PLAN			\$10,000
TOTAL EXPENSES:	\$29,715	31%	\$95,500
ENDING BALANCE	\$598,633	114%	\$523,703

CAPITAL RESERVES	ACTUAL		BUDGET
BEGINNING BALANCE	\$346,192	100%	\$346,192
REVENUE:			
DISTRICT SYSTEM CONNECT CHARGES	\$14,421	12%	\$120,175
INTEREST	\$3,978	19%	\$21,000
TOTAL REVENUE:	\$18,399	13%	\$141,175
EXPENSES:			
SOURCE OF SUPPLY			
SP DAM - DOORS/FLOATS	\$0	0%	\$3,500
TREATMENT			
(TANK UPGRADE)	\$3,348	33%	\$10,000
MISCELLANEOUS	\$0	0%	\$2,000
DISTRIBUTION			
NEW SERVICE SUPPLIES	\$789.59	9%	\$8,500
ELECTRONIC READ METER PROJECT	\$70,613.87	64%	\$110,000
DISTRIBUTION LINE UPGRADE/REPLACEMENT	\$0	0%	\$5,000
INSTALL SAMPLE STATIONS	\$0	0%	\$7,000
ADMINISTRATION			
ASSESSMENT #708: 91-02 LOAN	\$13,636	55%	\$25,000
ASSESSMENT #708: 91-03 LOAN	\$13,636	55%	\$25,000
COMPUTER SOFTWARE/MISC HARDWARE	\$5,897	118%	\$5,000
FLEET			
2-2007 1/2 TON PICK-UP TRUCKS (LEASE)	\$9,894	58%	\$16,961
2-2009 1/2 TON PICK-UP TRUCKS (LEASE)	\$9,894	58%	\$17,000
2005 DUMP TRUCK (5 YR LEASE)	\$6,596	50%	\$13,192

BUDGET REPORT
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TOTAL EXPENSES:	\$134,304	54%	\$248,153
ENDING BALANCE	\$230,287	96%	\$239,214

FACILITY REPAIR REPLACEMENT FUND (RESTRICTED)

BEGINNING BALANCE	\$0		0.00
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REVENUE

REPAIR REPLACEMENT SURCHARGE	\$37,748	42%	89,400.00
INTEREST	\$185	6%	3,200.00
TOTAL REVENUE	\$37,933	41%	92,600.00

EXPENSES

REPAIR-REPLACEMENT	\$0		0
TOTAL EXPENSES	\$0		0
ENDING BALANCE	\$37,933	41%	92,600