



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: May 7, 2018  
 TO: Board of Directors  
 FROM: Committee Chair  
 SUBJECT: Summary of Finance Committee Meeting of May 2, 2018

The Finance Committee met on May 2<sup>nd</sup> at 9:00 a.m., at the District administrative offices. Committee members in attendance were Directors Bales and Laska. Staff members in attendance were Tim Flanagan, Peter Skinner, Jeff Lindenthal, Guy Petraborg, Tim Brownell, Garth Gregson, and Ida Gonzales. Legal Counsel Rob Wellington and John Greenlee, bond market financial advisor from Caldwell Flores Winters, Inc (CFW), were also in attendance. The purpose of the meeting was to review the Preliminary Budget for Fiscal Year 2018/19, receive information about the current bond market as it pertains to the District and future borrowing activity, and receive General Manager comments.

1. **Preliminary Budget for Fiscal Year (FY) 2018/19.** Peter Skinner gave a presentation on the preliminary operating budget for FY 2018/19, which included discussion about the process used to develop the 2018/19 preliminary budget, a review of the statement of net revenue, statement of net position and statement of cash flow. The Committee asked questions about the budgeted cash flow and dependence on the issuance of bond debt or the reduction /deferral of budget capital expenditures. Discussion was held regarding the budgeted revenue for the Materials Recovery Facility (MRF) and the current market prices impact for the MRF material. There was discussion about the revenue, fee increases, tonnage estimates, and personnel requirements for FY 2018/19, and the impact on District revenue if tonnage from the San Jose market declines. The Committee also discussed the proposed increases in personnel levels mainly due to MRF operations and the proposed MRF operating schedule during FY 2018/19. Discussion was also held on the compost site improvement, the future of composting operations on the District, and the feasibility of contracting the composting operation to a third party and the effect this might have on the FY 2018/19 budget and proposed bond financing.
2. **Report on Bond Market by Financial Advisor Caldwell Flores Winters.** John provided a presentation to the Committee on the current state of the bond market and the impact it may have on the FY 2018/19 budget. If the District chose to issue bonds, the issuance would be considered as an add-on to the 2015 bond issuance. Current market conditions are very favorable to borrowers and as such the interest rate would be lower than the interest rate on the 2015 bonds, and the period to complete the bond issuance would likely be shorter than the 2015 issuance. Discussion was held by Committee regarding the bond market and the amount the District should consider borrowing in FY 2018/19.
3. **General Manager Comments.** General Manager reported that the District had received an email from the County Administrative Officer of Monterey County regarding illegal dumping and requesting financial assistance from the District to address the issue. The Committee provided input to staff on responding to the request.
4. **Next Meeting Date:** Wednesday, June 6, 2018 at 9:00 a.m.

Dennis Allion