

FAIRFAX WATER
Minutes of Finance and Audit Committee Meeting
September 19, 2024

At 6:00 p.m. on Thursday, September 19, 2024, a Meeting of the Fairfax Water Finance and Audit Committee was held in the Bill G. Evans Boardroom at 8570 Executive Park Avenue, Fairfax, Virginia, with the following in attendance:

Committee Members: Cammarata, Griffin (Chair), Ginyard-Jones (Remote), Roberson (absent)

Other Members: Allin, Begovich, Colleton, Day (absent), Dotson, Rubin

Staff: Bolton, Brown, Cotten, Dewhirst, Dooley, Goldberg, Grimes, Hedges, Kingsbury, Love, S. Miller, Oates, Prelewicz, Redder, Roland, Scott, Sinopole

Counsel: John McGranahan, Hunton Andrews Kurth, LLP

Consultant: David Calvert and Kyle Jones, PFM Asset Management, LLC

Upon separate motions duly made, seconded, and unanimously carried, unless otherwise noted, the following actions were taken:

Approval of Participation by Electronic Communication

Mr. Griffin moved, with a second by Mr. Cammarata, that Ms. Ginyard-Jones' request to participate in the Finance and Audit Committee Meeting by means of electronic communication was consistent with the Board's policy, and the Committee approved her request pursuant to Virginia Code Section 2.2-3708.3(B)(4). Ms. Ginyard-Jones participated by means of electronic communication from New Paltz, New York, where she was located for business.

Approval of Minutes

The Committee approved the Minutes of the June 20, 2024, Meeting.

Presentation by Investment Advisor

Mr. Jones began the presentation with an overview of current economic conditions. At the September 2024 Federal Open Market Committee (FOMC) meeting, the Federal Reserve lowered interest rates by 50 basis points, which was likely due to a slowing labor market. As of August 2024, the unemployment rate is at 4.2% and fewer jobs were filled than expected. Inflation continues to stabilize and is moving sustainably toward two percent.

Mr. Calvert reviewed the investment strategy and performance of Fairfax Water's portfolio through the second quarter of 2024. The one-year return of the Operating Fund portfolio was 4.42% and outperformed the benchmark by seven basis points. The one-year return of the Health Fund portfolio was 4.86% and outperformed the benchmark by five basis points.

Budget Update

Ms. Oates provided a brief update on the 2024 budget based on actual results through August 31, 2024. Total revenues in 2024 are estimated to be \$10.2 million above budget and total expenses are estimated to be \$0.25 million below budget, with net revenues projected to be \$10.5 million above budget for the year. The estimated coverage ratio of 2.65 is well above the target ratio of 2.00.

Adjournment

There being no further business, the Meeting was adjourned at 6:24 p.m.



Anthony Griffin, Committee Chairman