

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Ave, Beaumont, CA 92223
Board Finance & Budget Workshop
Agenda
August 25, 2014, at 1:30 p.m.

1. Call to Order, Flag Salute and Roll Call

2. Adoption and Adjustment of Agenda

3. Public Comment

Members of the public may address the Board at this time concerning items not on the agenda. To comment on specific agenda items, please complete a speaker's request form and hand it to the Board secretary.

4. New Business (Discussion only)

- A. Ratification of Paid Invoices and Monthly Payroll for July, 2014 by Reviewing Check History Reports in Detail*
- B. Review and Consideration of Pending Legal Invoices for July, 2014*
- C. Review of July, 2014 Bank Reconciliation*
- D. Review of Budget Report for July, 2014*
- E. Review of Investment Policy (Resolution 2010-02)*
- F. Discussion of Paying Off CalPERS Side Fund

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, August 27, 2014 at 4:30 p.m. at Banning City Hall Conference Room
- B. San Gorgonio Pass Regional Water Alliance, August 27, 2014 at 6:00 p.m. at Banning City Council Chambers
- C. The office will be closed September 1, 2014 in observance of Labor Day.
- D. Regular Board Meeting, Tuesday, September 2, 2014 at 1:30 p.m.

6. Adjournment

***Information Included In Agenda Packet**

1. Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Ave., Beaumont, CA 92223 during normal business hours. 2. Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be available on the Agency's Internet website, accessible at <http://www.sgpwa.com>. 3. Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951-845-2577) at least 48 hours prior to the meeting to make a request for a disability-related modification or accommodation.

San Gorgonio Pass Water Agency

Check Detail

July 2014

ACCOUNTS PAYABLE

Type	Num	Date	Name	Original Amount
Check	STATEMENT	07/31/2014	WEFABA	-87.57
Bill Pmt -Check	117000	07/01/2014	ACWABE	-818.62
Bill Pmt -Check	117001	07/01/2014	AMWAW1	-244.00
Bill Pmt -Check	117002	07/01/2014	BACHCO	-350.00
Bill Pmt -Check	117003	07/01/2014	BDLALA	-78.00
Bill Pmt -Check	117004	07/01/2014	CAPEHE	-6,023.20
Bill Pmt -Check	117005	07/01/2014	CIBUBA	-31,054.25
Bill Pmt -Check	117006	07/01/2014	PROCRA	-590,030.75
Bill Pmt -Check	117007	07/13/2014	JETJOR	-872.56
Check	117008	07/14/2014	CAPERE	-7,732.40
Check	117009	07/14/2014	FTB	-180.06
Bill Pmt -Check	117010	07/16/2014	ACWABE	-818.62
Bill Pmt -Check	117011	07/16/2014	BEBEKR	-9,015.44
Bill Pmt -Check	117012	07/16/2014	BECHCO	-275.00
Bill Pmt -Check	117013	07/16/2014	CAPEHE	-6,023.80
Bill Pmt -Check	117014	07/16/2014	DATAAS	-5,071.01
Bill Pmt -Check	117015	07/16/2014	MACCOM	-250.00
Bill Pmt -Check	117016	07/16/2014	MORWIR	-38.87
Bill Pmt -Check	117017	07/16/2014	RECGAZ	-450.65
Bill Pmt -Check	117018	07/16/2014	RILAFB	-4,176.11
Bill Pmt -Check	117019	07/16/2014	void	0.00
Bill Pmt -Check	117020	07/16/2014	SOCAWE	-1,218.22
Bill Pmt -Check	117021	07/16/2014	STWAPR	-6,375.00
Bill Pmt -Check	117022	07/16/2014	SWC	-37,050.00
Bill Pmt -Check	117023	07/16/2014	UNSEBU	-295.00
Bill Pmt -Check	117024	07/16/2014	VERIZ	-1,010.30
Bill Pmt -Check	117025	07/16/2014	WAMAIN	-94.37
Bill Pmt -Check	117026	07/16/2014	WEFARE	-2,202.40
Bill Pmt -Check	117027	07/21/2014	ALWEAS	-42.06
Bill Pmt -Check	117028	07/21/2014	ATKINS	-40,165.25
Bill Pmt -Check	117029	07/21/2014	CACHCO	-125.00
Bill Pmt -Check	117030	07/21/2014	CVSTR	-2,880.06
Bill Pmt -Check	117031	07/21/2014	DICWIE	-47.98
Bill Pmt -Check	117032	07/21/2014	GOPPAT	-48.00
Bill Pmt -Check	117033	07/21/2014	INC	-68.44
Bill Pmt -Check	117034	07/21/2014	MAPILA	-325.00
Bill Pmt -Check	117035	07/21/2014	VISLOG	-1,222.26
Bill Pmt -Check	117036	07/21/2014	WATENV	-819.73
Bill Pmt -Check	117037	07/22/2014	BACHCO	-175.00
Bill Pmt -Check	117038	07/22/2014	void	0.00
Bill Pmt -Check	117039	07/28/2014	JRFRE	-276.68
Bill Pmt -Check	117040	07/28/2014	PREENT	-124.00
Bill Pmt -Check	117041	07/28/2014	VAOFEQ	-130.91
Bill Pmt -Check	117042	07/28/2014	ATTMOB	-211.63
Bill Pmt -Check	117043	07/28/2014	SOCAED	-168.56
Bill Pmt -Check	117044	07/30/2014	HARTHF	-798.05
Check	117045	07/31/2014	CAPERE	-8,237.82
Check	117046	07/31/2014	void	0.00
Check	117047	07/31/2014	STAINS	-332.78

San Gorgonio Pass Water Agency Check Detail

July 2014

Type	Num	Date	Name	Original Amount
Check	501879	07/14/2014	EFTPS	-6,032.94
Check	518751	07/14/2014	EDD	-976.84
Check	518859	07/31/2014	EDD	-1,143.14
Check	554957	07/31/2014	EFTPS	-7,283.58
Bill Pmt -Check	900086	07/31/2014	DWR	-896,872.00
				-1,680,343.91

PAYROLL

Type	Num	Date	Name	Original Amount
Bill Pmt -Check	800907	07/13/2014	DAVJEW	-4,130.21
Bill Pmt -Check	800908	07/13/2014	DICWIE	-942.50
Bill Pmt -Check	800909	07/13/2014	FALKEM	-2,902.41
Bill Pmt -Check	800910	07/13/2014	RASCHM	-2,282.69
Bill Pmt -Check	800911	07/13/2014	TODTHW	-3,077.99
Bill Pmt -Check	800912	07/30/2014	DAVJEW	-4,499.51
Bill Pmt -Check	800913	07/30/2014	DUNROA	-1,122.56
Bill Pmt -Check	800914	07/30/2014	FALKEM	-3,248.19
Bill Pmt -Check	800915	07/30/2014	MELMAA	-1,122.56
Bill Pmt -Check	800916	07/30/2014	MORWIR	-1,122.56
Bill Pmt -Check	800917	07/30/2014	RASCHM	-2,058.60
Bill Pmt -Check	800918	07/30/2014	TODTHW	-3,058.99
Bill Pmt -Check	800919	07/30/2014	VOIBAA	-1,122.56
				-30,691.33
			TOTAL	-1,711,035.24

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NUMBER</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	140731	LEGAL SERVICES JUL14	8,449.20

TOTAL PENDING INVOICES FOR JULY 2014

8,449.20

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
July 31, 2014**

BALANCE PER BANK AT 07/31/2014 - CHECKING ACCOUNT	369,321.95
	369,321.95

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
117014	5,071.01	117044	798.05
117015	250.00	117045	8,237.82
117016	38.87	117046	Void
117019	Void	117047	332.78
117029	125.00		
117035	1,222.26		
117038	Void		
117042	211.63		
	6,918.77		9,368.65

TOTAL OUTSTANDING CHECKS	(16,287.42)
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BALANCE PER GENERAL LEDGER	353,034.53
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BALANCE PER GENERAL LEDGER AT 06/30/2014	177,245.19
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CASH RECEIPTS FOR JULY	911,824.58
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CASH DISBURSEMENTS FOR JULY

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	(1,680,343.91)	
NET PAYROLL FOR JULY	(30,691.33)	(1,711,035.24)

BANK CHARGES	87.57	
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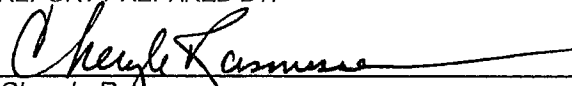
TRANSFERS FROM WF SAVINGS/LAIF	2,975,000.00
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TRANSFERS TO WF SAVINGS/LAIF

BOND PURCHASE	(2,000,000.00)
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BALANCE PER GENERAL LEDGER AT 07/31/2014	353,034.53
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REPORT PREPARED BY:



 Cheryl Rasmussen

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF JULY 2014**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
07/01/14	WELLS FARGO SECUR.	MONEY MARKET INT. JUN14	15.89	15.89
07/02/14	CITY OF BANNING	WATER SALES	14,582.00	14,582.00
07/15/14	BCVWD	WATER SALES	195,272.00	
07/23/14	SPECTRUM SERVICES	LEASE SIGNING BONUS	1,000.00	196,272.00
07/29/14	YVWD	WATER SALES	3,448.44	3,448.44
07/30/14	RIVERSIDE COUNTY	PROPERTY TAXES	387,056.18	387,056.18
07/30/14	RIVERSIDE COUNTY	PROPERTY TAXES	68,465.55	68,465.55
07/30/14	RIVERSIDE COUNTY	PROPERTY TAXES	9,191.70	9,191.70
07/30/14	RIVERSIDE COUNTY	PROPERTY TAXES	6,701.42	6,701.42
07/30/14	CITY OF BANNING	WATER SALES	26,945.00	26,945.00
07/31/14	RIVERSIDE COUNTY	PROPERTY TAXES	199,146.40	199,146.40
TOTAL FOR JULY, 2014			911,824.58	911,824.58

SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2014

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - INCOME					
INCOME					
WATER SALES	1,800,000		1,800,000	0.00	100.00%
TAX REVENUE	1,750,000		1,750,000	60,099.91	96.57%
INTEREST	26,000		26,000	1,204.09	95.37%
GRANTS	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	10,000		10,000	0.00	100.00%
TOTAL GENERAL FUND INCOME	3,586,000	0	3,586,000	61,304.00	98.29%
GENERAL FUND - EXPENSES					
COMMODITY PURCHASE					
PURCHASED WATER	1,700,000		1,700,000	0.00	100.00%
TOTAL COMMODITY PURCHASE	1,700,000	0	1,700,000	0.00	100.00%
SALARIES AND EMPLOYEE BENEFITS					
SALARIES	404,000		404,000	34,450.00	91.47%
PAYROLL TAXES	36,000		36,000	3,267.33	90.92%
RETIREMENT	315,000		315,000	11,428.10	96.37%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	-20,000		-20,000	3,051.65	115.26%
HEALTH INSURANCE	52,000		52,000	7,999.17	84.62%
DENTAL INSURANCE	6,000		6,000	946.78	84.22%
LIFE INSURANCE	1,000		1,000	152.89	100.00%
DISABILITY INSURANCE	3,500		3,500	292.83	0.00%
WORKERS COMP INSURANCE	3,700		3,700	0.00	100.00%
SGPWA STAFF MISC. MEDICAL	9,400		9,400	0.00	100.00%
EMPLOYEE EDUCATION	2,000		2,000	0.00	100.00%
TOTAL SALARIES AND EMPLOYEE BENEFITS	812,600	0	812,600	61,588.75	92.42%

SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2014

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					
ADMINISTRATIVE & PROFESSIONAL					
DIRECTOR EXPENDITURES					
DIRECTORS FEES	103,000		103,000	8,265.74	91.98%
DIRECTORS TRAVEL & EDUCATION	20,000		20,000	175.00	99.13%
DIRECTORS MISC. MEDICAL	18,000		18,000	86.85	99.52%
OFFICE EXPENDITURES					
OFFICE EXPENSE	12,000		12,000	817.57	93.19%
POSTAGE	1,200		1,200	53.88	95.51%
TELEPHONE	9,000		9,000	658.59	92.68%
UTILITIES	4,500		4,500	105.66	97.65%
SEWER EXPENDITURES					
COMPUTER, WEB SITE AND TELEPHONE SUPPORT & SERVICE	5,000		5,000	0.00	100.00%
GENERAL MANAGER & STAFF TRAVEL	15,000		15,000	0.00	100.00%
INSURANCE & BONDS	24,000		24,000	0.00	100.00%
ACCOUNTING & AUDITING	21,000		21,000	0.00	100.00%
STATE WATER CONTRACT AUDIT	5,000		5,000	0.00	100.00%
DUES & ASSESSMENTS	35,000		35,000	994.00	97.16%
OUTSIDE PROFESSIONAL SERVICES	2,000		2,000	0.00	100.00%
BANK CHARGES	1,200		1,200	87.57	92.70%
MISCELLANEOUS EXPENSES	900		900	0.00	100.00%
MAINTENANCE & EQUIPMENT EXPENDITURES					
TOOLS PURCHASE & MAINTENANCE	2,000		2,000	819.73	59.01%
VEHICLE REPAIR & MAINTENANCE	11,000		11,000	55.00	99.50%
MAINTENANCE & REPAIRS - BUILDING	12,000		12,000	762.37	93.65%
MAINTENANCE & REPAIRS - FIELD	5,000		5,000	0.00	100.00%
CONTRACT OPERATIONS AND MAINTENANCE	140,000		140,000	0.00	100.00%
COUNTY EXPENDITURES					
LAFCO COST SHARE	3,600		3,600	4,176.11	-16.00%
ELECTION EXPENSE	150,000		150,000	0.00	100.00%
TAX COLLECTION CHARGES	8,000		8,000	220.38	97.25%
TOTAL ADMINISTRATIVE & PROFESSIONAL	608,400	0	608,400	17,278.45	97.16%

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2014**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				REMAINING PERCENT OF BUDGET
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	
GENERAL FUND - EXPENSES					
GENERAL ENGINEERING					
RECHARGE					
B.A.R.F. SERVICE CONNECTION (MT. VIEW CONNEC.)	105,000		105,000	0.00	100.00%
B.A.R.F. POST DESIGN	200,000		200,000	0.00	100.00%
STUDIES					
USGS - <i>Agreement #23100</i>	95,000		95,000	0.00	100.00%
WATER RATE NEXUS STUDY	45,000		45,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	20,000		20,000	0.00	100.00%
CAPACITY FEE NEXUS STUDY UPDATE	45,000		45,000	0.00	100.00%
SUPPORT - CAPACITY FEE & COOPERATIVE AGREEMENTS	40,000		40,000	0.00	100.00%
EMERGING CONTAMINANTS TASK FORCE	5,000		5,000	0.00	100.00%
UPDATED UWMP	50,000		50,000	0.00	100.00%
OTHER PROJECTS					
CLIMESA BASIN STUDY	44,000		44,000	0.00	100.00%
GENERAL AGENCY - CEQA ANALYSIS AND GIS SERVICES	15,000		15,000	0.00	100.00%
TOTAL GENERAL ENGINEERING	664,000	0	664,000	0.00	100.00%

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2014**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					
LEGAL SERVICES					
LEGAL SERVICES - GENERAL	175,000		175,000	0.00	100.00%
TOTAL LEGAL SERVICES	175,000	0	175,000	0.00	100.00%
CONSERVATION & EDUCATION					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	0.00	100.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND PUBLIC RELATIONS	22,000		22,000	0.00	100.00%
TOTAL CONSERVATION & EDUCATION	41,000	0	41,000	0.00	100.00%
GENERAL FUND CAPITAL EXPENDITURES					
BUILDING	15,000		15,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	5,000		5,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	0		0	0.00	0.00%
B.A.R.F. PIPELINE CONSTRUCTION	1,400,000		1,400,000	621,085.00	55.64%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	1,420,000	0	1,420,000	621,085.00	56.26%
TRANSFERS TO OTHER FUNDS	0	0	0	0.00	
TOTAL GENERAL FUND EXPENSES	5,421,000	0	5,421,000	699,952.20	87.09%
TRANSFERS FROM RESERVES	1,835,000		1,835,000	0.00	
TOTAL TRANSFERS FROM RESERVES	1,835,000	0	1,835,000	0	
GENERAL FUND NET INCOME YEAR TO DATE	0	0	0	-638,648.20	

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2014**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME					
INCOME					
TAX REVENUE	14,419,358		14,419,358	611,930.36	95.76%
INTEREST	60,000		60,000	2,809.53	95.32%
GRANTS	0		0	0.00	
OTHER	2,097,576		2,097,576	0.00	100.00%
TOTAL DEBT SERVICE FUND INCOME	16,576,934	0	16,576,934	614,739.89	96.29%
DEBT SERVICE FUND - EXPENSES					
EXPENSES					
SALARIES	49,000		49,000	4,700.00	90.41%
PAYROLL TAXES	4,000		4,000	359.55	91.01%
BENEFITS	60,000		60,000	2,970.58	95.05%
SWC CONTRACTOR DUES	44,000		44,000	42,425.00	3.58%
STATE WATER CONTRACT PAYMENTS	17,149,793		17,149,793	712,248.00	95.85%
PURCHASED WATER	0		0	0.00	0.00%
STATE WATER PROJECT LEGAL SERVICES	0		0	7.36	0.00%
USGS - <i>Agreement #23100</i>	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	210,000		210,000	0.00	100.00%
SWP ENGINEERING	25,000		25,000	0.00	100.00%
DEBT SERVICE UTILITIES	9,000		9,000	772.68	91.41%
TAX COLLECTION CHARGES	45,000		45,000	1,248.84	97.22%
TOTAL DEBT SERVICE FUND EXPENSES	17,595,793	0	17,595,793	764,732.01	95.65%
DEBT SERVICE FUND NET INCOME YEAR TO DATE					
	-1,018,859	0	-1,018,859	-149,992.12	

RESOLUTION NO. 2010-02

SAN GORGONIO PASS WATER AGENCY INVESTMENT POLICY AND GUIDELINES RESCINDING RESOLUTION #2009-06

BE IT RESOLVED by the Board of Directors of the San Gorgonio Pass Water Agency (Agency) that the following is the policy and guidelines of the Agency for Investment of funds and that adoption of this Resolution 2010-02 does hereby revise and nullify Resolution 2009-06.

INTRODUCTION

It is the policy of the San Gorgonio Pass Water Agency to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all state and local statutes governing the investment of public funds.

The Agency operates its investment program with many federal, state and self-imposed constraints. **IT DOES NOT SPECULATE; IT DOES NOT DEAL IN FUTURES, OPTIONS, DERIVATIVES, SECURITY LOAN AGREEMENTS, OR MARGIN TRADING.**

PURPOSE

This statement is intended to provide a guideline for the prudent investment of cash not required for immediate expenditure, surplus funds and restricted monies, and to outline a policy for maximizing the efficiency of a cash management system.

PRUDENCE

Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The prudent-person policy of safety, liquidity, yield, and diversity, in that order, will prevail at all times.

DELEGATION OF AUTHORITY

In accordance with Section 53607 of the Government Code of the State of California, the authority to invest public funds is expressly delegated to the legislative body for subsequent redelegation to the Treasurer.

The Agency has expressly delegated the investment authority of the Agency to the Treasurer and the Assistant Treasurer in Resolution Nos. 1994-09 and 2005-10.

No person may engage in an investment transaction except as provided under the terms of this policy. The Treasurer and Assistant Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

Agency funds not required for immediate expenditure may be invested in compliance with the governing provisions of law and as further limited by the Policy established in this resolution as from time to time amended.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall not engage in any personal business activity which could conflict with the proper execution of the Agency's investment program, or which could impair their ability to make impartial investment decisions. Employees and officers shall subordinate their personal investment transactions to those of the Agency, particularly with regard to the time of purchases and sales.

COMPUTATION OF INTEREST

Pursuant to Government Code Section 53645, interest shall be computed and paid by the depository as follows:

- A. For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter.
- B. For inactive deposits, interest shall be computed on a 360-day basis

ACCEPTABLE INVESTMENT INSTRUMENTS

The Agency investment portfolio is limited to investments as specified below:

1. State of California Local Agency Fund (LAIF).
2. United States Treasury Instruments not to exceed two (2) years, purchased directly from the Federal Reserve Bank.

3. Certificates of Deposit (CDs), purchased through a major and reputable bank chartered in the United States, not to exceed two (2) years. These must be either collateralized to 110% of the invested amount or otherwise insured through CDARS or other programs.
4. Repurchase agreements through a bank specifically for interest-bearing checking accounts.
5. Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States or any state. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. No more than 15% of the market value of the portfolio may be invested in Medium-Term Notes.
6. Bond, notes, debentures, or any other obligations of, or securities issued by, any federal government agency, instrumentality, or government-sponsored enterprise.
7. Municipal Bonds. The Agency may invest in bonds issued by a state or local government agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
8. Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist only of dollar-denominated securities.

Under Government Code Section 16429.1, a local agency having money in its treasury not required for immediate needs may remit the money to the Treasurer of the State of California for deposit in the Local Agency Investment Fund (LAIF).

The Board shall authorize in advance any transfer from LAIF for the purpose of purchasing any other authorized investment listed above.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Agency shall transact business only with banks and registered investment securities dealers. The dealers shall be either primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers, qualifying under the Securities and Exchange Commission Rule 15c3-1. The Treasurer shall approve all dealers the Agency does business with. The Finance Manager shall send a copy of the current Investment Policy to all dealers approved to do business with the Agency. Signed Dealer/Broker Confirmation Certificates shall be kept on file documenting the dealer/broker/s understanding of the Agency's investment policy.

COMPLIANCE AND CONFLICT

All investments made by the Agency shall be in full compliance with the California Government Code that is in force at the time the investment is made. If there is a conflict between this policy and the California Government Code, the California Government Code shall prevail.

BE IT RESOLVED that the investment policy shall be reviewed by the Finance and Budget Committee annually, and as frequently as necessary, to enable the Treasurer and Assistant Treasurer to respond to changing market conditions; and

BE IT FURTHER RESOLVED that each quarter the Treasurer and Assistant Treasurer shall furnish the Board of Directors a detailed listing of the current investments. Pursuant to Government Code Section 53646, the Treasurer and Assistant Treasurer may also render a statement showing the amount of accrued interest for each investment for the preceding quarter if so required by the Board of Directors.

Resolution #2010-02 was adopted upon roll call by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

I certify that the foregoing is a true, full and correct copy of Resolution #2010-02 adopted by the Board of Directors of the San Geronio Pass Water Agency at a regular meeting of the board of directors held on February 1, 2010.

Jeffrey W. Davis
Secretary of the Board