

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Ave, Beaumont, CA 92223
Board Finance & Budget Workshop
Agenda
August 24, 2015, at 1:30 p.m.

1. Call to Order, Flag Salute

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, 2015 by Reviewing Check History Reports in Detail*
- B. Review of July, 2015 Bank Reconciliation*
- C. Review of Budget Report for July, 2015*
- D. Review Investment Policy

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, August 26, 2015
 - 1. Technical Committee, 4:30 p.m., Banning City Hall Conference Room
 - 2. Full Board, 6:00 p.m., Banning City Hall Council Chambers
- B. The office will be closed September 7, 2015 in observance of Labor Day
- C. Regular Board Meeting, Tuesday, September 8, 2015 at 1:30 p.m.
- D. Engineering Workshop, September 14, 2015 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.sgowa.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 Geronio Pass Water Agency
Check History Report
 July 1, 2015 - July 31, 2015

ACCOUNTS PAYABLE

Date	Number	Name	Amount
07/02/2015	117522	ACWA BENEFITS	815.01
07/02/2015	117523	CALPERS HEALTH	6,239.60
07/02/2015	117524	PITNEY BOWES RESERVE ACCOUNT	750.00
07/06/2015	117525	BEST BEST & KRIEGER	13,807.55
07/06/2015	117526	WILLIAM E. DICKSON	1,950.00
07/06/2015	117527	STATE WATER CONTRACTORS	33,675.00
07/07/2015	117528	ACWA BENEFITS	815.01
07/07/2015	117529	ACWA JPIA	1,006.00
07/07/2015	117530	BANNING CHAMBER OF COMMERCE	350.00
07/07/2015	117531	BDL ALARMS, INC.	78.00
07/07/2015	117532	BEAUMONT CHAMBER OF COMMERCE	275.00
07/07/2015	117533	BEAUMONT UNIQUE FLOWERS & GIFTS	215.20
07/07/2015	117534	J. R. FREEMAN CO. INC.	155.42
07/07/2015	117535	THE RECORD-GAZETTE	670.50
07/07/2015	117536	UNDERGROUND SERVICE ALERT	21.00
07/07/2015	117537	UNLIMITED SERVICES BUILDING MAINT.	295.00
07/07/2015	117538	WASTE MANAGEMENT INLAND EMPIRE	94.37
07/08/2015	117539	CALPERS RETIREMENT	21,281.00
07/08/2015	117540	GOPHER PATROL	173.00
07/08/2015	117541	LAKE ELSINORE CHRYSLER DODGE JEEP	44,947.00
07/13/2015	117542	CALIMESA CHAMBER OF COMMERCE	125.00
07/13/2015	117543	FREEDOM NEWS GROUP	450.00
07/13/2015	117544	KENNEDY JENKS CONSULTANTS	956.80
07/13/2015	117545	LEXIS NEXIS	261.47
07/13/2015	117546	SOUTHERN CALIFORNIA WATER COMMITTEE	850.00
07/13/2015	117547	WELLS FARGO REMITTANCE CENTER	1,884.76
07/15/2015	117548	CALPERS RETIREMENT	5,505.01
07/15/2015	117549	FRANCHISE TAX BOARD	196.91
07/20/2015	117550	CALPERS HEALTH	6,238.36
07/20/2015	117551	DROUGHT SOLUTIONS	200.00
07/20/2015	117552	RONALD A. DUNCAN	1,540.00
07/20/2015	117553	KENNEDY JENKS CONSULTANTS	4,459.88
07/20/2015	117554	MATTHEW PISTILLI LANDSCAPE SERVICES	325.00
07/20/2015	117555	MST BACKFLOW	187.11
07/20/2015	117556	CHERYLE M. RASMUSSEN	33.75
07/20/2015	117557	LAFCO RIVERSIDE	4,550.02
07/20/2015	117558	SANTA ANA WATERSHED PROJ. AUTHORITY	13,924.00
07/20/2015	117559	STATE WATER PROJECT CONT. AUTHORITY	5,869.00
07/20/2015	117560	VERIZON	1,046.81
07/29/2015	117561	SEE PAYROLL CATEGORY JOHN R. JETER	
07/30/2015	117562	CALPERS RETIREMENT	5,401.63
07/30/2015	117563	STANDARD INSURANCE COMPANY	406.95
07/24/2015	117564	AT&T MOBILITY	214.74
07/24/2015	117565	INCONTACT, INC.	125.70
07/24/2015	117566	SOUTHERN CALIFORNIA EDISON	163.39
07/24/2015	117567	LEONARD C. STEPHENSON	252.17
07/24/2015	117568	THOMAS W. TODD, JR.	1,488.60
07/15/2015	521081	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,049.47
07/30/2015	521140	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,024.35
07/15/2015	598187	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,170.91
07/30/2015	525942	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,090.11

San Gorgonio Pass Water Agency
Check History Report
 July 1, 2015 - July 31, 2015

ACCOUNTS PAYABLE (CON'T)

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
07/31/2015	900105	DEPARTMENT OF WATER RESOURCES	829,180.00
TOTAL ACCOUNTS PAYABLE CHECKS			<u>1,028,785.56</u>

PAYROLL

CHECKS			
<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
07/29/2015	117561	JOHN R. JETER	774.41
TOTAL PAYROLL CHECKS			<u>774.41</u>

DIRECT DEPOSIT			
<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
07/14/2015	801068	JEFFREY W. DAVIS	4,303.16
07/14/2015	801069	WILLIAM E. DICKSON	942.50
07/14/2015	801070	KENNETH M. FALLS	3,022.35
07/14/2015	801071	CHERYLE M. RASMUSSEN	2,049.38
07/14/2015	801072	THOMAS W. TODD, JR.	3,113.40
07/29/2015	801073	BLAIR M. BALL	1,139.41
07/29/2015	801074	JEFFREY W. DAVIS	4,303.16
07/29/2015	801075	RONALD A. DUNCAN	1,139.41
07/29/2015	801076	KENNETH M. FALLS	2,756.51
07/29/2015	801077	MARY ANN HARVEY-MELLEBY	1,139.41
07/29/2015	801078	CHERYLE M. RASMUSSEN	2,049.38
07/29/2015	801079	LEONARD C. STEPHENSON	1,139.41
07/29/2015	801080	THOMAS W. TODD, JR.	3,113.40
TOTAL PAYROLL DIRECT DEPOSIT			<u>30,210.88</u>
TOTAL PAYROLL			<u>30,985.29</u>
TOTAL DISBURSEMENTS FOR JULY, 2015			<u><u>1,059,770.85</u></u>

SAN GORGONIO PASS WATER AGENCY
 New Vendors List
 August, 2015

Vendor	Address	Expenditure Type
Fran Morris	10213 Overland Trail, Cherry Valley, CA 92223	Director
SBVMWD	New mailing address: 380 E. Vanderlilt Way, San Bernardino, CA 92408 (changed from P O Box)	EBX Operations
Ahem Adcock Devlin, LLP	New mailing address: 1650 Iowa Ave. Suite 200, Riverside, CA 92507	Auditing
Beaumont Unique Flowers & Gifts	715 Beaumont Ave.; Beaumont, CA 92223	Office
Lake Elsinore Chrysler Dodge Jeep	31400 Auto Center Dr.; Lake Elsinore, CA 92530	Vehicles
Riverside County RDA	3403 10th Street Suite 300; Riverside, CA 92501	Dues

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
July 31, 2015**

BALANCE PER BANK AT 07/31/2015 - CHECKING ACCOUNT	881,202.66
	881,202.66

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
117517	200.00	117562	5,401.63
117551	200.00	117563	406.95
117557	4,550.02		
	4,950.02		5,808.58

TOTAL OUTSTANDING CHECKS	(10,758.60)
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BALANCE PER GENERAL LEDGER	870,444.06
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BALANCE PER GENERAL LEDGER AT 06/30/2015	195,585.16
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CASH RECEIPTS FOR JULY	734,718.73
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CASH DISBURSEMENTS FOR JULY

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	(1,028,785.56)	
NET PAYROLL FOR JULY	(30,985.29)	(1,059,770.85)

BANK CHARGES	(88.98)
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TRANSFERS FROM WF SAVINGS/LAIF/BROKERAGE ACCT	1,000,000.00
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TRANSFERS TO WF SAVINGS/LAIF

BALANCE PER GENERAL LEDGER AT 07/31/2015	870,444.06
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REPORT PREPARED BY:



 Cheryl Rasmussen

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF JULY 2015**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
07/02/15	SBVMWD	EAST BRANCH MEETINGS	1,500.00	
07/02/15	CITY OF BANNING	WATER SALES	38,357.00	39,857.00
07/10/15	MOJAVE WATER AGENCY	EAST BRANCH MEETINGS	1,500.00	
07/10/15	DESERT WATER AGENCY	EAST BRANCH MEETINGS	1,500.00	3,000.00
07/17/15	BCVWD	WATER SALES	97,002.00	
07/17/15	ATELOPE VALLEY EKWA	EAST BRANCH MEETINGS	1,500.00	98,502.00
07/28/15	TIME VALUE INVESTMNTS	BOND INTEREST	8,150.00	8,150.00
07/29/15	RIVERSIDE COUNTY	PROPERTY TAXES	237,525.31	237,525.31
07/29/15	RIVERSIDE COUNTY	PROPERTY TAXES	143,442.00	143,442.00
07/30/15	RIVERSIDE COUNTY	PROPERTY TAXES	6,111.26	6,111.26
07/31/15	RIVERSIDE COUNTY	PROPERTY TAXES	198,131.16	198,131.16
TOTAL FOR JULY 2015			734,718.73	734,718.73

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2015**

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	1,400,000		1,400,000	0.00	100.00%	
TAX REVENUE	2,000,000		2,000,000	86,093.14	95.70%	
INTEREST	29,000		29,000	1,126.39	96.12%	
CAPACITY FEE	0		0	0.00	0.00%	
GRANTS	0		0	0.00	0.00%	
OTHER (REIMBURSEMENTS, TRANSFERS)	110,000		110,000	0.00	100.00%	
TOTAL GENERAL FUND INCOME	3,539,000	0	3,539,000	87,219.53	97.54%	
GENERAL FUND - EXPENSES						
COMMODITY PURCHASE						
PURCHASED WATER	1,200,000		1,200,000	0.00	100.00%	
TOTAL COMMODITY PURCHASE	1,200,000	0	1,200,000	0.00	100.00%	
SALARIES AND EMPLOYEE BENEFITS						
SALARIES	420,000		420,000	34,665.00	91.75%	
PAYROLL TAXES	36,000		36,000	3,217.80	91.06%	
RETIREMENT	105,000		105,000	25,524.62	75.69%	
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	21,000		21,000	3,413.50	83.75%	
HEALTH INSURANCE	48,000		48,000	7,787.65	83.78%	
DENTAL INSURANCE	6,000		6,000	764.48	87.26%	
LIFE INSURANCE	1,000		1,000	169.36	83.06%	
DISABILITY INSURANCE	4,200		4,200	360.52	91.42%	
WORKERS COMP INSURANCE	4,000		4,000	0.00	100.00%	
SGPWA STAFF MISC. MEDICAL	9,000		9,000	588.29	93.46%	
EMPLOYEE EDUCATION	2,000		2,000	0.00	100.00%	
TOTAL SALARIES AND EMPLOYEE BENEFITS	656,200	0	656,200	76,491.22	88.34%	

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2015**

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	104,000		104,000	7,402.80	92.88%	
DIRECTORS TRAVEL & EDUCATION	20,000		20,000	0.00	100.00%	
DIRECTORS MISC. MEDICAL	31,000		31,000	3,742.17	87.93%	
OFFICE EXPENDITURES						
OFFICE EXPENSE	15,000		15,000	372.70	97.52%	
POSTAGE	1,200		1,200	750.00	37.50%	
TELEPHONE	9,000		9,000	739.01	91.79%	
UTILITIES	4,500		4,500	105.69	97.65%	
SELF-INSURANCE EXPENDITURES						
COMPUTER, WEB SITE AND TELEPHONE SUPPORT & SERVICE	16,000		16,000	4,750.00	70.31%	
GENERAL MANAGER & STAFF TRAVEL	17,000		17,000	900.31	94.70%	
INSURANCE & BONDS	23,000		23,000	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	33,000		33,000	1,600.00	95.15%	
SPONSORSHIPS	10,000		10,000	0.00	100.00%	
OUTSIDE PROFESSIONAL SERVICES	3,000		3,000	0.00	100.00%	
BANK CHARGES	1,200		1,200	88.98	92.59%	
MISCELLANEOUS EXPENSES	1,000		1,000	0.00	100.00%	
MAINTENANCE & EQUIPMENT EXPENDITURES						
TOOLS PURCHASE & MAINTENANCE	3,000		3,000	0.00	100.00%	
VEHICLE REPAIR & MAINTENANCE	8,000		8,000	60.00	99.25%	
MAINTENANCE & REPAIRS - BUILDING	12,000		12,000	887.37	92.61%	
MAINTENANCE & REPAIRS - FIELD	6,500		6,500	0.00	100.00%	
CONTRACT OPERATIONS AND MAINTENANCE	90,000		90,000	0.00	100.00%	
COUNTY EXPENDITURES						
LAFCO COST SHARE	4,500		4,500	4,550.02	-1.11%	
ELECTION EXPENSE	0		0	0.00	0.00%	
TAX COLLECTION CHARGES	8,000		8,000	220.02	97.25%	
TOTAL ADMINISTRATIVE & PROFESSIONAL	446,900	0	446,900	26,169.07	94.14%	

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15**

**BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2015**

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						
GENERAL ENGINEERING						
RECHARGE						
B.A.R.F. DESIGN + CONSTRUCTION IN CAPITAL EXPENDITURES						
B.A.R.F. ENVIRONMENTAL MITIGATION	65,000		65,000	0.00	100.00%	
FERC/FLUME						
ALTERNATIVE WATER SUPPLY FOR BANNING & BANNING HTS.	0		0	0.00	0.00%	
NOTICE OF PREPARATION + EIR	50,000		50,000	0.00	100.00%	
VEWATER FLUME TUNNEL	90,000		90,000	0.00	100.00%	
ENVIRONMENTAL JUSTICE	27,000		27,000	0.00	100.00%	
STUDIES						
USGS - Agreement #96710	125,000		125,000	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	0		0	0.00	0.00%	
SUPPORT - CAPACITY FEE & COOPERATIVE AGREEMENTS	0		0	0.00	0.00%	
EMERGING CONTAMINANTS TASK FORCE	0		0	0.00	0.00%	
UPDATED UWMP	50,000		50,000	0.00	100.00%	
OTHER PROJECTS						
BASIN MONITORING TASK FORCE	15,000		15,000	13,924.00	7.17%	
MODELING 15.5 ANALYSIS	25,000		25,000	0.00	100.00%	
GENERAL AGENCY - CEQA ANALYSIS AND GIS SERVICES	15,000		15,000	0.00	100.00%	
TOTAL GENERAL ENGINEERING	527,000	0	527,000	13,924.00	97.36%	

**SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15**

BUDGET VS. REVISED BUDGET VS. ACTUAL

FOR THE ONE MONTH ENDING ON JULY 31, 2015

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%	
ALT EDUCATION PROGRAMS	5,000		5,000	200.00	96.00%	
CONSERVATION, EDUCATION AND PUBLIC RELATIONS	10,000		10,000	0.00	100.00%	
TOTAL CONSERVATION & EDUCATION	29,000	0	29,000	200.00	99.31%	
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	48,000		48,000	44,947.00	6.36%	
B.A.R.F. CONSTRUCTION	4,635,000		4,635,000	0.00	100.00%	
TOTAL GENERAL FUND CAPITAL EXPENDITURES	4,703,000	0	4,703,000	44,947.00	99.04%	
TRANSFERS TO OTHER FUNDS						
	0		0	0.00		
TOTAL GENERAL FUND EXPENSES	7,737,100	0	7,737,100	161,731.29	97.91%	
TRANSFERS FROM RESERVES	4,700,000		4,700,000			
TOTAL TRANSFERS FROM RESERVES	4,700,000	0	4,700,000	0		
GENERAL FUND NET INCOME YEAR TO DATE	501,900	0	501,900	-74,511.76		

SAN GORGONIO PASS WATER AGENCY
FISCAL YEAR BUDGET 2014-15
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE ONE MONTH ENDING ON JULY 31, 2015

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	18,300,000		18,300,000	500,583.35	97.26%	
INTEREST	73,000		73,000	3,045.44	95.83%	
GRANTS	0		0	0.00	0.00%	
DWR CREDITS - BOND COVER, OTHER	2,900,000		2,900,000	0.00	100.00%	
TOTAL DEBT SERVICE FUND INCOME	21,273,000	0	21,273,000	503,628.79	97.63%	
DEBT SERVICE FUND - EXPENSES						
EXPENSES						
SALARIES	50,000		50,000	4,465.00	91.07%	
PAYROLL TAXES	4,000		4,000	341.58	91.46%	
BENEFITS	25,000		25,000	4,870.32	80.52%	
SWC CONTRACTOR DUES	44,000		44,000	39,544.00	10.13%	
STATE WATER CONTRACT PAYMENTS	20,700,000		20,700,000	829,180.00	95.99%	
PURCHASED WATER	0		0	0.00	0.00%	
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	0.00%	
USGS - Agreement #23100	60,000		60,000	0.00	100.00%	
CONTRACT OPERATIONS AND MAINTENANCE	100,000		100,000	0.00	100.00%	
SWP ENGINEERING	40,000		40,000	0.00	100.00%	
DEBT SERVICE UTILITIES	9,200		9,200	783.94	91.48%	
TAX COLLECTION CHARGES	44,000		44,000	1,246.74	97.17%	
TOTAL DEBT SERVICE FUND EXPENSES	21,076,200	0	21,076,200	880,431.58	95.82%	
TRANSFERS FROM RESERVES						
			0	0.00		
DEBT SERVICE FUND NET INCOME YEAR TO DATE	196,800	0	196,800	-376,802.79		

RESOLUTION NO. 2010-02

SAN GORONIO 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