

SAN GORGONIO PASS WATER AGENCY

1210 Beaumont Ave, Beaumont, CA 92223

Board Finance & Budget Workshop

Agenda

September 26, 2016, at 4:00 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 and possible recommendations for action at a future regular Board meeting)

- A. Ratification of Paid Invoices and Monthly Payroll for August, 2016 by Reviewing Check History Reports in Detail*
- B. Review of Pending Legal Invoices*
- C. Review of August, 2016 Bank Reconciliation*
- D. Review of Budget Report for August, 2016*
- E. Review of Investment Policy*

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, September 28, 2016, 5:30 p.m. – Banning City Hall
- B. SGPWA, State of the Regional Water Supply, September 30, 2016, 8:00 a.m., Banning City Council Chambers
- C. Regular Board Meeting, October 3, 2016 at 7:00 p.m.
- D. Engineering Workshop, October 10, 2016 at 4:00 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 request for a disability-related modification or accommodation.

San Gorgonio Pass Water Agency
Check History Report
August 1 through August 31, 2016

ACCOUNTS PAYABLE

Date	Number	Name	Amount
08/01/2016	118057	BDL ALARMS, INC.	78.00
08/01/2016	118058	BEST BEST & KRIEGER	15,174.43
08/01/2016	118059	KENNEDY JENKS CONSULTANTS	3,819.83
08/01/2016	118060	ROY McDONALD	6,903.39
08/01/2016	118061	SPARLING INSTRUMENTS, LLC	590.20
08/01/2016	118062	UNDERGROUND SERVICE ALERT	6.00
08/01/2016	118063	VALLEY OFFICE EQUIPMENT, INC.	191.57
08/02/2016	118064	CALPERS RETIREMENT	24,768.00
08/08/2016	118065	ACWA BENEFITS	756.00
08/08/2016	118066	BEAUMONT HOME CENTER	14.57
08/08/2016	118067	CALPERS FINANCIAL REPORTING	650.00
08/08/2016	118068	CALPERS RETIREMENT	2.79
08/08/2016	118069	WILLIAM E. DICKSON	217.31
08/08/2016	118070	GOPHER PATROL	48.00
08/08/2016	118071	SOUTHERN CALIFORNIA WATER COMMITTEE	850.00
08/08/2016	118072	UNLIMITED SERVICES BUILDING MAINT.	295.00
08/08/2016	118073	VALLEY OFFICE EQUIPMENT, INC.	105.84
08/08/2016	118074	WASTE MANAGEMENT INLAND EMPIRE	94.37
08/13/2016	118075	CALPERS RETIREMENT	4,542.59
08/13/2016	118076	CALPERS 457-SIP	1,150.00
08/13/2016	118077	FRANCHISE TAX BOARD	196.91
08/15/2016	118078	ARMSTRONG & BROOKS ENGINEERS	16,325.01
08/15/2016	118079	CALPERS RETIREMENT	912.00
08/15/2016	118080	CV STRATEGIES	1,190.42
08/15/2016	118081	FRONTIER COMMUNICATIONS	1,213.54
08/15/2016	118082	INCONTACT, INC.	79.57
08/15/2016	118083	I. E. RESOURCE CONSERVATION DISTRICT	1,600.00
08/15/2016	118084	KENNEDY JENKS CONSULTANTS	3,083.60
08/15/2016	118085	PROVOST & PRITCHARD	10,845.40
08/15/2016	118086	WELLS FARGO REMITTANCE CENTER	1,435.76
08/22/2016	118087	CALPERS HEALTH	6,908.59
08/22/2016	118088	ERNST & YOUNG LLP	1,002.00
08/22/2016	118089	MATTHEW PISTILLI LANDSCAPE SERVICES	325.00
08/22/2016	118090	CHERYLE M. RASMUSSEN	158.63
08/22/2016	118091	THOMAS W. TODD, JR.	866.23
08/26/2016	118092	AT&T MOBILITY	258.12
08/26/2016	118093	CALIMESA CHAMBER OF COMMERCE	125.00
08/26/2016	118094	WILLIAM E. DICKSON	31.22
08/26/2016	118095	MARY ANN HARVEY-MELLEBY	1,190.00
08/26/2016	118096	SOUTHERN CALIFORNIA EDISON	176.22
08/26/2016	118097	VALLEY OFFICE EQUIPMENT, INC.	116.04
08/30/2016	118098	SEE PAYROLL CATEGORY, JOHN R. JETER	
08/30/2016	118099	CALPERS RETIREMENT	4,676.45
08/30/2016	118100	CALPERS 457-SIP	1,150.00
08/30/2016	118101	STANDARD INSURANCE COMPANY	420.36

**San Gorgonio Pass Water Agency
Check History Report
August 1 through August 31, 2016**

ACCOUNTS PAYABLE (CON'T)

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
08/13/2016	505212	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,130.07
08/13/2016	506776	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,032.02
08/30/2016	567038	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,150.43
08/30/2016	585072	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	8,219.46
08/14/2016	900124	DEPARTMENT OF WATER RESOURCES	318,391.00
08/31/2016	900125	DEPARTMENT OF WATER RESOURCES	601,655.00
TOTAL ACCOUNTS PAYABLE CHECKS			<u>1,051,121.94</u>

PAYROLL

CHECKS			
<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
08/30/2016	118098	JOHN R. JETER	724.41
TOTAL PAYROLL CHECKS			<u>724.41</u>

DIRECT DEPOSIT			
<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
08/12/2016	801247	JEFFREY W. DAVIS	4,316.25
08/12/2016	801248	WILLIAM E. DICKSON	942.50
08/12/2016	801249	KENNETH M. FALLS	2,915.12
08/12/2016	801250	CHERYLE M. RASMUSSEN	2,119.57
08/12/2016	801251	THOMAS W. TODD, JR.	3,306.77
08/30/2016	801252	BLAIR M. BALL	2,050.95
08/30/2016	801253	JEFFREY W. DAVIS	4,316.25
08/30/2016	801254	RONALD A. DUNCAN	1,139.41
08/30/2016	801255	KENNETH M. FALLS	3,243.52
08/30/2016	801256	DAVID L. FENN	461.53
08/30/2016	801257	MARY ANN HARVEY-MELLEBY	1,139.41
08/30/2016	801258	CHERYLE M. RASMUSSEN	2,119.57
08/30/2016	801259	LEONARD C. STEPHENSON	1,139.41
08/30/2016	801260	THOMAS W. TODD, JR.	3,306.77
TOTAL PAYROLL DIRECT DEPOSIT			<u>32,517.03</u>

	<u>33,241.44</u>
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	<u>33,241.44</u>
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	<u>32,517.03</u>
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SAN GORGONIO PASS WATER AGENCY
New Vendors List
September, 2016

Vendor - Name and Address	Expenditure Type
SPEC Services, Inc. 10540 Talbert Ave. #100 East; Fountain Valley, CA 92708	Field Maintenance

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	160831	LEGAL SERVICES AUG16	15,815.36

TOTAL PENDING INVOICES FOR AUGUST 2016

15,815.36

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
August 31, 2016**

BALANCE PER BANK AT 08/31/2016 - CHECKING ACCOUNT 236,226.88

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118083	1,600.00	118099	4,676.45
118093	125.00	118100	1,150.00
118094	31.22	118101	420.36
118098	724.41		
	<u>2,480.63</u>		<u>6,246.81</u>

TOTAL OUTSTANDING CHECKS (8,727.44)

BALANCE PER GENERAL LEDGER 227,499.44

BALANCE PER GENERAL LEDGER AT 07/31/2016 518,104.25

CASH RECEIPTS FOR AUGUST 793,893.30

CASH DISBURSEMENTS FOR AUGUST

ACCOUNTS PAYABLE - CHECK HISTORY REPORT (1,051,121.94)

NET PAYROLL FOR AUGUST (33,241.44) (1,084,363.38)


BANK CHARGES (134.73)

TRANSFER FROM LAIF OR WELLS FARGO 675,000.00

TRANSFER TO LAIF OR WELLS FARGO (675,000.00)

BALANCE PER GENERAL LEDGER AT 8/31/2016 227,499.44

REPORT PREPARED BY:



 Cheryl Rasnussen

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF AUGUST 2016**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
8/1/16	RIVERSIDE COUNTY	PROPERTY TAXES	21,485.47	21,485.47
8/1/16	RIVERSIDE COUNTY	PROPERTY TAXES	20,920.80	20,920.80
8/2/16	BCVWD	WATER SALES	260,170.22	260,170.22
8/11/16	CITY OF BANNING	WATER SALES	51,988.00	51,988.00
8/16/16	BCVWD	WATER SALES	260,257.00	260,257.00
8/23/16	CITY OF BANNING	WATER SALES	41,210.00	
8/23/16	YVWD	WATER SALES	30,325.26	71,535.26
8/26/16	STATE OF CALIF/DWR	DEBT SERVICE REFUND	41,709.00	
8/26/16	STATE OF CALIF/DWR	BOND COVER REFUND	12,165.00	
8/26/16	STATE OF CALIF	PRO. ENGINEER REFUND	57.50	53,931.50
8/26/16	TVI	CD - BOND INTEREST	26,292.79	26,292.79
8/29/16	AMERICAN TOWER	SERVICE CONTRACT FEE	1,500.00	
8/29/16	AMERICAN TOWER	CELL TOWER LEASE FY16-17	25,461.60	
8/29/16	STATE OF CALIF/DWR	MISCELLANEOUS REFUND	350.66	27,312.26
	TOTAL FOR AUGUST 2016		793,893.30	793,893.30

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2016**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017						
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET	
GENERAL FUND - INCOME						
INCOME						
WATER SALES	3,993,000		3,993,000	331,792.26	91.69%	
TAX REVENUE	2,240,000		2,240,000	99,835.25	95.54%	
INTEREST	64,000		64,000	10,088.21	84.24%	
CAPACITY FEE	0		0	0.00	0.00%	
GRANTS	0		0	0.00	0.00%	
OTHER (REIMBURSEMENTS, TRANSFERS)	69,000		69,000	27,019.10	60.84%	
TOTAL GENERAL FUND INCOME	6,366,000	0	6,366,000	468,734.82	92.64%	
GENERAL FUND - EXPENSES						
COMMODITY PURCHASE						
PURCHASED WATER	3,875,000		3,875,000	241,634.00	93.76%	
TOTAL COMMODITY PURCHASE	3,875,000	0	3,875,000	241,634.00	93.76%	
SALARIES AND EMPLOYEE BENEFITS						
SALARIES	431,000		431,000	70,763.17	83.58%	
PAYROLL TAXES	39,000		39,000	6,680.32	82.87%	
RETIREMENT	108,000		108,000	36,737.51	65.98%	
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	23,000		23,000	5,631.00	75.52%	
HEALTH INSURANCE	52,000		52,000	12,759.18	75.46%	
DENTAL INSURANCE	4,500		4,500	1,072.56	76.17%	
LIFE INSURANCE	1,100		1,100	311.92	71.64%	
DISABILITY INSURANCE	4,500		4,500	730.30	83.77%	
WORKERS COMP INSURANCE	3,700		3,700	0.00	100.00%	
SGPWA STAFF MISC. MEDICAL	10,000		10,000	688.68	93.11%	
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%	
TOTAL SALARIES AND EMPLOYEE BENEFITS	677,800	0	677,800	135,374.64	80.03%	

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2016**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017						
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET	
GENERAL FUND - EXPENSES						
ADMINISTRATIVE & PROFESSIONAL						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	105,000		105,000	16,779.68	84.02%	
DIRECTORS TRAVEL & EDUCATION	20,000		20,000	0.00	100.00%	
DIRECTORS MISC. MEDICAL	32,000		32,000	2,137.41	93.32%	
OFFICE EXPENDITURES						
OFFICE EXPENSE	18,000		18,000	929.14	94.84%	
POSTAGE	1,000		1,000	37.43	96.26%	
TELEPHONE	10,000		10,000	1,661.38	83.39%	
UTILITIES	5,000		5,000	697.90	86.04%	
SERVICE EXPENDITURES						
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	0.00	100.00%	
GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	2,236.15	88.82%	
INSURANCE & BONDS	23,000		23,000	0.00	100.00%	
ACCOUNTING & AUDITING	22,000		22,000	0.00	100.00%	
STATE WATER CONTRACT AUDIT	5,000		5,000	2,506.00	49.88%	
DUES & ASSESSMENTS	29,000		29,000	2,053.50	92.92%	
SPONSORSHIPS	8,000		8,000	0.00	100.00%	
OUTSIDE PROFESSIONAL SERVICES	650		650	650.00	0.00%	
BANK CHARGES	1,600		1,600	276.76	82.70%	
MISCELLANEOUS EXPENSES	1,000		1,000	2.79	99.72%	
MAINTENANCE & EQUIPMENT EXPENDITURES						
TOOLS PURCHASE & MAINTENANCE	3,500		3,500	0.00	100.00%	
VEHICLE REPAIR & MAINTENANCE	9,000		9,000	679.89	92.45%	
MAINTENANCE & REPAIRS - BUILDING	11,000		11,000	1,539.31	86.01%	
MAINTENANCE & REPAIRS - FIELD	6,500		6,500	14.10	99.78%	
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	0.00	100.00%	
COUNTY EXPENDITURES						
LAFCO COST SHARE	5,000		5,000	4,440.49	11.19%	
ELECTION EXPENSE	175,000		175,000	0.00	100.00%	
TAX COLLECTION CHARGES	9,500		9,500	242.49	97.45%	
TOTAL ADMINISTRATIVE & PROFESSIONAL	679,750	0	679,750	36,884.42	94.57%	

SAN GORGONIO PASS WATER AGENCY

BUDGET REPORT FY 2016-17

BUDGET VS. REVISED BUDGET VS. ACTUAL

FOR THE TWO MONTHS ENDING ON AUGUST 31, 2016

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

	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					
B.A.R.F. ENVIRONMENTAL MITIGATION					
FERC/FLUME					
FLUME SUPPORT	40,000		40,000	6,903.39	82.74%
NEW WATER					
PROGRAMATIC EIR	75,000		75,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	45,000		45,000	935.60	97.92%
SITES RESERVOIR	300,000		300,000	0.00	100.00%
BCVWD CONNECTION					
ENGINEERING	30,000		30,000	5,200.00	82.67%
CEQA	15,000		15,000	0.00	100.00%
INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP)	5,000		5,000	0.00	100.00%
SGMA SUPPORT	15,000		15,000	0.00	100.00%
STUDIES					
USGS	100,000		100,000	0.00	100.00%
WATER RATE NEXUS STUDY	50,000		50,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	30,000		30,000	0.00	100.00%
CAPACITY FEE NEXUS STUDY UPDATE	0		0	0.00	0.00%
SUPPORT - CAPACITY FEE & AGREEMENTS	0		0	0.00	0.00%
UPDATED UWMP	10,000		10,000	3,458.00	65.42%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	21,000		21,000	20,180.00	3.90%
BUNKER HILL CONJUNCTIVE USE PROJECT	20,000		20,000	0.00	100.00%
GENERAL AGENCY - CEQA AND GIS SERVICES	35,000		35,000	13,355.23	61.84%
TOTAL GENERAL ENGINEERING	791,000	0	791,000	50,032.22	93.67%

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2016-17**

**BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2016**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017						
	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	26,001.43	85.14%	
TOTAL LEGAL SERVICES	175,000	0	175,000	26,001.43	85.14%	
CONSERVATION & EDUCATION						
SCHOOL EDUCATION PROGRAMS	10,000		10,000	0.00	100.00%	
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%	
OTHER CONSERVATION, EDUCATION AND P. R.	20,000	15,000	35,000	1,190.42	96.60%	
TOTAL CONSERVATION & EDUCATION	35,000	15,000	50,000	1,190.42	97.62%	
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	37,000		37,000	0.00	100.00%	
MT. VIEW TURNOUT + B.A.R.F. CONSTRUCTION	0		0	31,125.01		
SBVMWD PIPELINE CAPACITY PURCHASE	330,000		330,000	0.00	100.00%	
TOTAL GENERAL FUND CAPITAL EXPENDITURES	387,000	0	387,000	31,125.01	91.96%	
TRANSFERS TO OTHER FUNDS						
TRANSFERS TO OTHER FUNDS	0		0	0.00		
TOTAL GENERAL FUND EXPENSES	6,620,550	15,000	6,635,550	522,242.14	92.13%	
TRANSFERS FROM RESERVES						
TRANSFERS FROM RESERVES	300,000		300,000			
TOTAL TRANSFERS FROM RESERVES	300,000	0	300,000	0		
GENERAL FUND NET INCOME YEAR TO DATE	45,450	-15,000	30,450	-53,507.32		

SAN GORGONIO PASS WATER AGENCY

BUDGET REPORT FY 2016-17

BUDGET VS. REVISED BUDGET VS. ACTUAL

FOR THE TWO MONTHS ENDING ON AUGUST 31, 2016

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME					
INCOME					
TAX REVENUE	19,350,000		19,350,000	660,080.35	96.59%
INTEREST	170,000		170,000	33,773.56	80.13%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	3,170,000		3,170,000	54,224.66	98.29%
TOTAL DEBT SERVICE FUND INCOME	22,690,000	0	22,690,000	748,078.57	96.70%
DEBT SERVICE FUND - EXPENSES					
EXPENSES					
SALARIES	52,000		52,000	9,333.16	82.05%
PAYROLL TAXES	4,000		4,000	713.95	82.15%
BENEFITS	28,000		28,000	7,471.41	73.32%
SWC CONTRACTOR DUES	33,000		33,000	32,911.00	0.27%
STATE WATER CONTRACT PAYMENTS	18,600,000		18,600,000	1,230,981.00	93.38%
PURCHASED WATER	5,000		5,000	271.00	94.58%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	0.00%
USGS	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	120,000		120,000	0.00	100.00%
SWP ENGINEERING	30,000		30,000	0.00	100.00%
DEBT SERVICE UTILITIES	10,000		10,000	1,755.00	82.45%
TAX COLLECTION CHARGES	60,000		60,000	1,401.05	97.66%
TOTAL DEBT SERVICE FUND EXPENSES	18,942,000	0	18,942,000	1,284,837.57	93.22%
TRANSFERS FROM RESERVES					
			0	0.00	
DEBT SERVICE NET INCOME YEAR TO DATE	3,748,000	0	3,748,000	-536,759.00	

RESOLUTION NO. 2015-10

SAN GORGONIO PASS WATER AGENCY INVESTMENT POLICY AND GUIDELINES RESCINDING RESOLUTION #2010-02

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 2015-10 does hereby revise and nullify Resolution 2010-02.

INTRODUCTION

It is the policy of the San Gorgonio Pass Water Agency to invest public funds in a manner which will provide maximum security with the highest investment return 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 thirty months. These must be either collateralized to 110% of the invested amount or otherwise insured through CDARS (Certificate of Deposit Account Registry Service) 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 30% 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.
9. Shares of beneficial interest issued by the Investment Trust of California (CalTRUST), authorized pursuant to California Government Code Section 53601(p).

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 the purchase of any new authorized investment, except for purposes of cash management. For purposes of this policy, cash management is defined as a transfer out of the checking account to a liquid interest bearing account or a transfer into the checking account for purposes of paying a current bill.

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 #2015-10 was adopted upon roll call by the following vote:

- AYES: Stephenson, Ball, Fenn, Melleby, Duncan, Dickson, and Jeter
- NOES:
- ABSTAIN:
- ABSENT:

I certify that the foregoing is a true, full and correct copy of Resolution #2015-10 adopted by the Board of Directors of the San Gorgonio Pass Water Agency at a regular meeting of the board of directors held on September 8, 2015.

Jeffrey W. Davis
Secretary of the Board