



Santa Clarita Valley Water Agency Finance and Administration Committee Meeting

Monday, September 16, 2024

Committee Meeting Begins at 5:30 PM

Members of the public may attend by the following options:

IN PERSON

Santa Clarita Valley Water Agency
E.G. "Jerry" Gladbach
Water Treatment Plant Board Room
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

BY PHONE

Toll Free: 1-(833)-568-8864
Webinar ID: 161 845 6822

VIRTUALLY

Please join the meeting from your
computer, tablet or smartphone:
[https://scvwa.zoomgov.com/j/1618
456822](https://scvwa.zoomgov.com/j/1618456822)

Have a Public Comment?

Members of the public unable to attend this meeting may submit comments either in writing to phoover@scvwa.org, or by mail to Paul Hoover, Administrative Technician, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 3:00 PM the day of the meeting will be distributed to the Committee members and posted on the Santa Clarita Valley Water Agency website prior to the start of the meeting. Anything received after 3:00 PM. the day of the meeting will be made available at the meeting, if practicable, and posted on the SCV Water website the following day. All correspondence with comments, including letters or emails, will be posted in their entirety. (Public comments take place during Item 2 of the Agenda and before each Item is considered. Please see the Agenda for details.)

This meeting will be recorded and the audio recording for all Committee meetings will be posted to yourSCVwater.com within 3 business days from the date of the Committee meeting.



Date: September 9, 2024

To: **Finance and Administration Committee**
Ken Petersen, Chair
Kathye Armitage
Dirk Marks
Maria Gutzeit

From: Rochelle Patterson
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled for **Monday, September 16, 2024** at **5:30 PM** at **27234 Bouquet Canyon Road, Santa Clarita, CA 91350** in the **SCV Water Administration Building, E.G. "Jerry" Gladbach Water Treatment Plant Board Room**. To attend this meeting virtually, please see below.

IMPORTANT NOTICES

This meeting will be conducted in person at the address listed above. As a convenience to the public, members of the public may also participate virtually by using the **Agency's Call-In Number 1-(833)-568-8864, Webinar ID 161 845 6822 or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1618456822>**. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or Zoom Webinar link above. However, in the event there is a disruption of service which prevents the Agency from broadcasting the meeting to members of the public using either the call-in option or internet-based service, this meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is being provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in person.

Members of the public unable to attend this meeting may submit comments either in writing to phoover@scvwa.org or by mail to Paul Hoover, Administrative Technician, SCV Water, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 3:00 PM the day of the meeting will be distributed to the Committee members and posted on the SCV Water website prior to the start of the meeting. Anything received after 3:00 PM the day of the meeting will be made available at the meeting, if practical, and will be posted on the SCV Water website the following day.

MEETING AGENDA

1. **PLEDGE OF ALLEGIANCE**
2. **PUBLIC COMMENTS** – Members of the public may comment as to items within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so at the time each item is considered. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.) To participate in public comment from your computer, tablet, or smartphone, click the “raise hand” feature in Zoom. You will be notified when it is your turn to speak, please unmute when requested. To participate in public comment via phone, dial *9 to raise your hand. When it is your turn to speak, dial *6 to unmute.

<u>ITEM</u>	<u>PAGE</u>
3. * Recommend Approval of a Resolution Adopting a Revised Investment Policy	5
4. * Discuss WIFIA Loan Concerns and Challenges	31
5. * Review Utilization of the Whittaker Corporation Damage Award	33
6. ♠ Discuss Cost of Service and Rate Design, Phase 3 of 7 - Cost of Service Study	
7. * Recommend Receiving and Filing of July 2024 Monthly Financial Report	37
July 2024 Check Register Link: https://www.yourscvwater.com/sites/default/files/SCVWA/departments/finance/check-registers/Check-Register-July-2024.pdf	
8. * Committee Planning Calendar	67
9. Requests for Future Agenda Items	
10. General Report on Finance and Administration Activities	
11. Adjournment	
* Indicates attachments ♠ To be distributed	

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning **Erika Dill, Sr. Management Analyst** at (661) 297-1600, or writing to SCV Water at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

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 Committee less than seventy-two (72) hours prior to the meeting will be available for public inspection at SCV Water, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on September 10, 2024.


M65



COMMITTEE MEMORANDUM

DATE: September 9, 2024

TO: Finance and Administration Committee

FROM: Rochelle Patterson
Chief Financial and Administrative Officer 

SUBJECT: Recommend Approval of a Resolution Adopting a Revised Investment Policy

SUMMARY

Pursuant to Government Code Section 53646, the California Legislature mandates that the Agency annually prepare and adopt an Investment Policy. The Agency last adopted its policy in October 2023 and applies to the entire entity of SCV Water.

DISCUSSION

Staff's investment advisors, Chandler Asset Management, recommended the modifications referenced below to update the Agency's Investment Policy to represent industry best practices, as those modeled by the California Municipal Treasurers Association (CMTA). The CMTA is a professional organization governed by active public officials who lead in promoting and enhancing the fiduciary responsibility and integrity of individuals responsible for public funds. SCV Water recently earned its first-ever certification award from the CMTA for its Investment Policy.

The only regulatory change for 2024 was Senate Bill 882, which clarifies how private mortgage structured products are treated distinctly from Federal Agencies. Section 9.15 of the Investment Policy already appropriately excludes government issuers in alignment with the bill. Sections 2.0, 3.0, 8.0 as well as 9.0 include additions and deletions; Sections 11.0 and 12.0 are newly added. The Glossary has been updated as well.

Underlined red text depicts an addition, whereas struck red text is a deletion. The attached draft resolution (Attachment 1) includes these revisions below as a clean copy. Each modified section is followed by a brief explanation for the change, in italics.

2.0 SCOPE

This investment policy applies to all financial assets of the Agency, as set forth in the State Government Code, Sections 53600 et seq., with the following exceptions:

2.1 Proceeds of debt issuance shall be invested in accordance with the Agency's general investment philosophy as set forth in this policy (e.g., Capital Project Fund, Debt Service Fund); however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.

2.2 CalPERS, OPEB trusts, and the investment of employees' deferred compensation funds invested pursuant to Government Code Section 53609

POOLING OF FUNDS

These funds are accounted for in the annual Agency audit. The Agency pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

General/Operating Fund - 101

Special Revenue Funds

- a) One Percent Property Tax Fund - 101
- b) Facility Capacity Fee Fund -202
- c) State Water Project Fund - 204

~~Capital Project Fund~~

~~Debt Service Fund~~

Reserve Funds

Enterprise Fund

Grant Funds

This updated language spells out exclusions from the investment policies, e.g., debt proceeds.

- 3.1 Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, 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 standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. ~~Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.~~
- 3.2 Responsibility: The Treasurer, Investment Officers, and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and/or market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

This updated language removes duplication from Section 3.1 / 3.2.

8.0 PORTFOLIO MATURITY LIMITS

- 8.1 The maximum maturity for any single investment in the portfolio shall not exceed five years, unless the security is a US Treasury, Agency, or Municipal bond, in which case the Board has approved a maximum maturity is 10 years.

Updated language clarifies that the Board of Directors approved the 10-year limit.

9.0 AUTHORIZED AND SUITABLE INVESTMENTS

Updates in this section include adding the word “total” before any mention of “portfolio” throughout the entire section, as well as adds a footnote section to an updated 2024 CDIAC table (see clean policy in Attachment 1).

11.0 INVESTMENT POOLS/MUTUAL FUNDS

The Agency shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. Annually, the Designated Official shall seek responses to the following questions from any investment pool or mutual fund in which the Agency invests:

11.1 A description of eligible investment securities, and a written statement of investment policy and objectives.

11.2 A description of interest calculations and how it is distributed, and how gains and losses are treated.

11.3 A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

11.4 A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

11.5 A schedule for receiving statements and portfolio listings.

11.6 Are reserves, retained earnings, etc. utilized by the pool/fund?

11.7 A fee schedule, and when and how it is assessed.

11.8 Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

This is a newly added section on investment pools and mutual funds due diligence.

12.0 COLLATERALIZATION

~~The Agency shall require any depository to adhere to the collateralization requirements of Government Code section 53652.~~

12.1 **Certificates of Deposit (CDs).** The Agency shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

12.2 **Collateralization of Bank Deposits.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The Agency shall require any bank or financial

institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

12.3 Repurchase Agreements. The Agency requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The Agency shall receive monthly statements of collateral.

This renumbered collateralization section has been enhanced overall.

13.0 SAFEKEEPING AND CUSTODY

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third-party bank trust department that will act as agent for the Agency under terms of a custody agreement. Third-party safekeeping arrangements will be approved by Treasurer and will be corroborated by a written custodial agreement.

This renumbered section adds suggested language on arrangements being approved by the Treasurer.

Lastly, minor changes have been made to the **GLOSSARY OF INVESTMENT TERMS** to reflect best practices, as follows:

~~**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.~~

This definition was updated to Placement Deposit Services (as below) to reflect that Intrafi (fka CDARS) is no longer the single provider of these placement services.

~~**PLACEMENT SERVICE DEPOSITS.** A private service that allows local agencies to invest in FDIC-insured deposits with one or more banks, savings and loans, and credit unions located in the United States. IntraFi (formerly known as CDARS) is an example of an entity that provides this service.~~

~~**DEBENTURE.** A bond secured only by the general credit of the issuer.~~

CMTA best practice is to not include words that are not utilized in the document.

FIDUCIARY. A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in other's best interests.

PAYDOWN. A reduction in the principal amount owed on a bond, loan, or other debt.

STRUCTURED NOTE. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates – for example, the yield on the ten-year Treasury note minus the LIBOR rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

This definition was updated to reflect CMTA model definition, which removes the reference to LIBOR (London Interbank Offer Rate).

No further changes to the policy are recommended at this time.

STRATEGIC PLAN NEXUS

The revisions to this policy help support SCV Water's Strategic Plan Goal E – Financial Resiliency: Maintain a Long-Range, Transparent, Stable, and Well-Planned Financial Condition, Resulting in Current and Future Water Users Receiving Fair and Equitable Rates and Charges," specifically Strategy E.2 – "Increase Focus on Forward-Looking Financial Information" and Strategy F.3.15– "Maintain and update Financial and Administrative Policies."

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Finance and Administration Committee recommend that the Board of Directors approve the attached resolution adopting a revised Investment Policy.

RP

Attachment

[This page intentionally left blank.]

ATTACHMENT 1

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ADOPTING A REVISED INVESTMENT POLICY

INVESTMENT POLICY

1.0 POLICY

- 1.1 WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and
- 1.2 WHEREAS; the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53601 *et seq.*; and
- 1.3 WHEREAS; the Treasurer of the Santa Clarita Valley Water Agency (“Agency”), acting under the direction and authority of the Finance Committee of the Agency, shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;
- 1.4 NOW THEREFORE, it shall be the policy of the Agency to invest 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 statutes governing the investment of Agency funds.

2.0 SCOPE

This investment policy applies to all financial assets of the Agency, as set forth in the State Government Code, Sections 53600 *et seq.*, with the following exceptions:

- 2.1 Proceeds of debt issuance shall be invested in accordance with the Agency’s general investment philosophy as set forth in this policy (e.g., Capital Project Fund, Debt Service Fund); however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.
- 2.2 CalPERS, OPEB trusts, and the investment of employees’ deferred compensation funds invested pursuant to Government Code Section 53609.

POOLING OF FUNDS

These funds are accounted for in the annual Agency audit. The Agency pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

General/Operating Fund – 101

Special Revenue Funds

- a) One Percent Property Tax Fund – 101
- b) Facility Capacity Fee Fund – 202
- c) State Water Project Fund – 204

Reserve Funds
Enterprise Fund
Grant Funds

Blended Component Units

- a) Devil's Den Water District – 970
- b) Upper Santa Clara Valley JPA – 975
- c) SCV Groundwater Sustainability Agency – 980

3.0 PRUDENCE; RESPONSIBILITY

- 3.1 Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, 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 standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio.
- 3.2 Responsibility: The Treasurer, Investment Officers, and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and/or market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements and budgeted expenditures. Investments will be undertaken with the expectation that unplanned expenses will be incurred; therefore, portfolio liquidity will be created to cover reasonable contingency costs.
- 4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. The goal is to maximize return while ensuring that safety and liquidity objectives are not compromised.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Overall accountability and authority for implementation of this policy shall remain with the Board of Directors of the Agency and overseen by the Agency's Finance Committee. The day-to-day responsibility for management and implementation of the investment program is the responsibility of the General Manager who may delegate the responsibility to the Treasurer, who, where and when appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. With this delegation the Treasurer is given the authority to utilize internal staff and outside investment managers to assist in the investment program. The Treasurer shall use care to assure that those assigned responsibility to assist in the management of the Agency's portfolio do so in accordance with this policy.

External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

The Treasurer and officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officials and staff members involved with the investment function shall disclose to the Board of Directors any personal financial interest with a financial institution, broker or investment issuer conducting business with the Agency. Officials and staff members shall further disclose to the Board of Directors any personal financial interest in any entity related to the investment performance of the Agency's portfolio.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Agency's account with that firm has reviewed the Agency's Investment Policy and that the firm understands the policy and intends to present

investment recommendations and transactions to the Agency that are appropriate under the terms and conditions of the Investment Policy.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the Agency, except where the Agency utilizes an external investment adviser in which case the Agency may rely on the adviser for selection. To the extent practicable, the Treasurer or its external investment advisor shall endeavor to complete investment transactions using a competitive bid process whenever possible.

The Agency is a local agency authorized to invest surplus monies in the Local Agency Investment Fund (LAIF). LAIF is a special trust fund in the custody of the State Treasurer and the Local Investment Advisory Board created under Government Code Section 16429.2, which advises the State Treasurer on the investment and reinvestment of LAIF deposits. Each local agency with LAIF deposits has a separate account within LAIF, but the total deposits in LAIF are managed as a pooled investment account. The securities eligible for LAIF investments are statutorily specified in Government Code Section 16430 and are more conservative than those investments permitted under Government Code Section 53601, which governs the management of invested surplus monies by local agencies. Accordingly, the Treasurer need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8.0 PORTFOLIO MATURITY LIMITS

8.1 The maximum maturity for any single investment in the portfolio shall not exceed five years, unless the security is a US Treasury, Agency, or Municipal bond, in which case the Board has approved a maximum maturity is 10 years.

8.2 Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The Agency recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Agency will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The Agency further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. Therefore, the duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the Agency based on the Agency's investment objectives, constraints and risk tolerances.

9.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Agency is empowered by California Government Code 53601 et seq. to invest in the following:

9.1 Bonds issued by the Agency.

9.2 United States Treasury Bills, Notes and Bonds.

- 9.3 Registered state warrants or treasury notes or bonds issued by the State of California.
- 9.4 Registered treasury notes or bonds of any of the 49 United States in addition to California, including bonds payable solely out of revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”). No more than 30% of the total portfolio may be in Municipal Securities.
- 9.5 Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, 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; and also including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies. The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”). No more than 30% of the total portfolio may be in Municipal Securities. The LAIF is an approved pooled investment account.
- 9.6 Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 30% of the total portfolio may be invested in any single federal agency/GSE issuer. The maximum percent of federal agency callable securities in the total portfolio will be 20%.
- 9.7 Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances may not exceed 180 days’ maturity or 40% of the Agency’s money that may be invested pursuant to this policy. However, no more than 30% of the Agency’s money can be invested in the bankers’ acceptances of any single commercial bank.
- 9.8 Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally-recognized statistical-rating organization. The entity that issues the commercial paper shall either be:
- 9.8.1 organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a nationally-recognized statistical-rating organization; or
 - 9.8.2 organized within the United States as a special-purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated “A-1” or

higher, or the equivalent, by a nationally-recognized statistical rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Agency shall invest no more than 25% of its money in eligible commercial paper. Under a provision sunseting on January 1, 2026, provided that if the Agency has \$100,000,000 or more of investment assets under management, the Agency may invest no more than 40% of its money in eligible commercial paper.

- 9.9 (i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30% of the Agency's money which may be invested pursuant to this policy. The Board of Directors and the Treasurer are prohibited from investing Agency funds, or funds in the Agency's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision-making authority within the Agency also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- (ii) Deposits at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8. Deposits shall be subject to Government Code Section 53638 and may not exceed 50% of the Agency's money which may be invested pursuant to this policy.
- 9.10 Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53061. The market value of securities that underlay a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).
- 9.11 Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and shall not exceed 30% of the Agency's total portfolio which may be invested pursuant to this policy.
- 9.12 Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this

policy, and shares in money market mutual funds, subject to the restrictions of California Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20% of the Agency's total portfolio under this policy. However, no more than 10% of the Agency's total portfolio may be invested in any one mutual fund.

- 9.13 Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- 9.14 Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- 9.15 Asset backed, mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond from issuers not defined in sections 9.2 and 9.6 shall have:
- 9.15.1 A maximum legal final maturity that does not exceed five years.
 - 9.15.2 A rating category of "AA" or its equivalent or better by a nationally recognized rating service.
 - 9.15.3 May not exceed 20% of the Agency's surplus moneys that may be invested pursuant to this policy.
 - 9.15.4 No more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- 9.16 Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars (\$500,000,000).

- 9.17 Proposition 1A receivables sold pursuant to California Government Code Section 53999. A "Proposition 1A receivable" constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.
- 9.18 United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service and shall not exceed 30 percent of the Agency's moneys that may be invested pursuant to this policy. No more than 10% of the total portfolio may be invested in any single issuer.
- 9.19 Deposits at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8. Deposits shall be subject to Government Code Section 53638 and may not exceed 50% of the Agency's total portfolio which may be invested pursuant to this policy.
- 9.20 Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

California Code (Source: CDIAC, As of January 1, 2024)

INVESTMENT TYPE	MAXIMUM MATURITY ^c	MAXIMUM SPECIFIED % OF PORTFOLIO ^d	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^e	None	53601(g)
Commercial Paper—Non-Pooled Funds ^f (under \$100,000,000 of investments)	270 days or less	25% of the agency's money ^a	Highest letter and number rating by an NRSRO ^h	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds ⁱ (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money ^a	Highest letter and number rating by an NRSRO ^h	53601(h)(2)(c)
Commercial Paper— Pooled Funds ^j	270 days or less	40% of the agency's money ^a	Highest letter and number rating by an NRSRO ^h	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% ^k	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^l	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^l	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^m	20% of the base value of the portfolio	None ⁿ	53601(j)
Medium-Term Notes ^o	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% ^p	Multiple ^{o, n}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^s	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^t	5 years or less ^t	20%	"AA" rating category or its equivalent or better ^t	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^u	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^v	N/A	None	None	16340
Supranational Obligations ^w	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

Footnotes for CGC Allowable Investments

- ^a Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- ^b Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^c Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^d Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^e No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^f Applies to local agencies, other than counties or a city and county, with less than \$100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
- ^g Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.
- ^h Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization.
- ⁱ Applies to counties or a city and county, and the City of Los Angeles that have \$100 million or more of investment assets under management.
- ^j Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
- ^k No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^l Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- ^m Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ⁿ Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^o "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^p No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- ^r A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- ^s Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- ^t Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- ^u A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^v Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^w Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

10.0 PROHIBITED INVESTMENTS

The following are prohibited:

- 10.1 Investment in futures and options.
- 10.2 Investment in inverse floaters, range notes, or mortgage derived interest-only strips. (Gov. Code §53601.6.)
- 10.3 Investment in any security that could result in a zero-interest accrual if held to maturity. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. (Gov. Code §53601.6.)
- 10.4 Trading securities for the sole purpose of speculating on the future direction of interest rates.
- 10.5 Purchasing or selling securities on margin.
- 10.6 The use of reverse repurchase agreements as a form of leverage, securities lending or any other form of borrowing or leverage.
- 10.7 The purchase of foreign currency denominated securities.
- 10.8 The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

11.0 INVESTMENT POOLS/MUTUAL FUNDS

The Agency shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. Annually, the Designated Official shall seek responses to the following questions from any investment pool or mutual fund in which the Agency invests:

- 11.1 A description of eligible investment securities, and a written statement of investment policy and objectives.
- 11.2 A description of interest calculations and how it is distributed, and how gains and losses are treated.
- 11.3 A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- 11.4 A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- 11.5 A schedule for receiving statements and portfolio listings.
- 11.6 Are reserves, retained earnings, etc. utilized by the pool/fund?
- 11.7 A fee schedule, and when and how it is assessed.
- 11.8 Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

12.0 COLLATERALIZATION

12.1 **Certificates of Deposit (CDs).** The Agency shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

12.2 **Collateralization of Bank Deposits.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The Agency shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

12.3 **Repurchase Agreements.** The Agency requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The Agency shall receive monthly statements of collateral.

13.0 SAFEKEEPING AND CUSTODY

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third-party bank trust department that will act as agent for the Agency under terms of a custody agreement. Third-party safekeeping arrangements will be approved by Treasurer and will be corroborated by a written custodial agreement. Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third-party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Agency under the terms of a custody agreement executed by the broker/dealer and the Agency and specifying the Agency's perfected ownership of the collateral.

All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the Agency from the custodian listing all securities held in safekeeping with current market data and other information. Payment for all transactions will be conducted on a delivery-versus-payment (DVP) basis.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) mutual funds and money market mutual funds, since these securities are not deliverable.

14.0 LEVERAGING

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

15.0 DIVERSIFICATION

The Agency will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

15.1 Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

15.2 Maturities selected shall provide for stability of income and liquidity.

15.3 Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

15.4 No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless except treasuries, agencies, Supranationals, and money market funds and otherwise specified in this policy.

15.5 If a security owned by the Agency is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:

- a. Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
- b. If a decision is made to retain the security, the credit situation will be monitored and reported to the Board of Directors.

15.6 Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Agency will mitigate credit risk by adopting diversification requirements, issuer limitations and downgrade language. The Agency may elect to sell a security prior to its maturity and record a capital gain or loss to manage the quality, liquidity or yield of the portfolio in response to market conditions or the Agency's risk preferences.

16.0 REPORTING

Monthly transaction reports will be submitted by the Treasurer to the Board of Directors within 30 days of the end of the reporting period in accordance with California Government Code Section 53607.

The Treasurer shall submit to each member of the Board of Directors an investment report at least monthly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market

values of each component of the portfolio, including funds managed for Agency by third party contracted managers. The report will also include the source of the portfolio valuation. For funds, which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the Agency will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

17.0 INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the Agency and/or the Board of Directors, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

18.0 PORTFOLIO REVIEW AND PERFORMANCE EVALUATION:

The Treasurer shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Board of Directors.

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Agency's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

19.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Agency. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from their own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT. A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT. Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for their own position.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

FEDERALLY INSURED TIME DEPOSIT. A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

FIDUCIARY. A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in other's best interests.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable. The investment's term or remaining maturity is measured from the settlement date to final maturity.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND. A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

PAYDOWN. A reduction in the principal amount owed on a bond, loan, or other debt.

PLACEMENT SERVICE DEPOSITS. A private service that allows local agencies to invest in FDIC-insured deposits with one or more banks, savings and loans, and credit unions

located in the United States. IntraFi (formerly known as CDARS) is an example of an entity that provides this service.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as “Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes.”

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller’s point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer’s name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION SEC) RULE 15C3-1. An SEC rule-setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer’s total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues “cash management” bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

(Originally Adopted February 2018; Re-adopted January 2019; Revised February 2020, February 2021, February 2022, October 2022, October 2023 and October 2024.)


DRAFT

[This page intentionally left blank.]



COMMITTEE MEMORANDUM

DATE: September 9, 2024

TO: Finance and Administration Committee 

FROM: Rochelle Patterson
Chief Financial and Administrative Officer

SUBJECT: Discuss WIFIA Loan Concerns and Challenges

SUMMARY AND DISCUSSION

In August 2022, the Board of Directors authorized staff to send a Letter of Interest (LOI) to the Environmental Protection Agency (EPA), who provides funding for eligible water and wastewater infrastructure projects through the federal credit program, WIFIA (Water Infrastructure Finance and Innovation Act). In December 2022, the EPA accepted the Agency's LOI and were invited to apply for a WIFIA loan. Agency staff and consultants have been working diligently since December 2022 on the application, along with the EPA team, to ensure financial and environmental compliance is completed for the Agency's CIP projects prior to the projected loan approval in October/November this year.

Legal Concerns

Through the process of reviewing the EPA loan documents, the Agency's bond counsel has raised several issues that in their current form are not acceptable or favorable to the Agency. The SCV Water team consisting of staff, bond counsel and financial advisors have been working with the EPA over the past couple of months suggesting alternative language in the loan documents that would mitigate Agency risk. At this time, there has been no movement by the EPA to modify the loan documents.

WIFIA Compliance Challenges

At the time the Agency started the loan application, it was unclear of the extent of the disadvantages and challenges of complying with the WIFIA loan requirements. Below is a list of requirements that the Agency has experienced as the WIFIA loan application has proceeded:

- The WIFIA loan requirements have a high administrative burden. Managing compliance with WIFIA requirements often involves significant paperwork and reporting. This includes regular updates on project progress, financial reports, compliance with environmental and social criteria, and other documentation for over 60 capital projects. This will put a strain on the Agency's limited resources.
- There are increased costs for specialized financial and compliance expertise and the need for more staff to ensure adherence to all WIFIA requirements.
- There is a risk of project delays due to the thorough review and approval processes required for WIFIA projects.
- There is a risk of non-compliance. Failure to meet WIFIA's stringent requirements can lead to financial penalties or the need to repay portions of the loan.

- WIFIA loans come with rigorous oversight from federal agencies to meet environmental requirements imposed by the EPA.
- Complying with American Iron and Steel (and Buy America, Build America Act (BABAA) in loan 2), if a waiver for the BABAA federal requirements is not successful, comes with higher material costs, limited supplier options, administrative and compliance costs to verify the origin of materials and maintaining documentation to prove compliance, and a risk of non-compliance, which could result in project delays, penalties, or additional costs to address compliance issues. The Agency currently has six (6) CIP projects that may be subject to the federal American Iron & Steel and BABAA guidelines.

Financial Analysis

One of the benefits of the WIFIA loan program was that it offered competitive, fixed interest rates, one-time rate reset (under certain circumstances), delay of repayment and a longer term. The interest rate is equal to the interest rate of the US Treasury security of a similar maturity, plus 0.01%. At the time the LOI was authorized, based on market conditions from August 2022, the Agency was estimated to save on a net present value basis up to \$30 million to finance 49% of the approximate \$750 million 10-year CIP program with a WIFIA loan, versus using traditional 30-year debt. Since August 2022, significant market movement has reduced the spread advantage of the WIFIA Loan interest rate and additional WIFIA-related costs (both administrative and capital-related) were not considered previously.

Below is a detailed comparison of the previous financial analysis (August 2022) and current financial analysis (August 2024).

1. Prior analysis compared a capital plan of \$360 million with the following two financing options:
 - a. 100% bond financed over 30-years at 3.92%, wrapped around existing debt
 - b. 49% WIFIA financed over 35 years at 3.05% and 51% bond financed over 30-years at 3.92%, wrapped around existing debt
 - c. Included only administrative costs of bonds and EPA servicing fees
2. Current analysis compared a capital plan of \$367 million WIFIA loan and a \$360 bond financing with the following two financing options:
 - a. 100% bond financed over 30-years at 4.20%, wrapped around existing debt
 - b. 49% WIFIA financed over 35 years at 4.03% and 51% bond financed over 30-years at 4.20%, wrapped around existing debt
 - c. Includes administrative costs and compliance costs

The analysis currently shows that a traditional bond issuance on a cash value basis would save the Agency approximately \$81 million over the repayment period. On a net present value basis, the WIFIA Loan is estimated to save the Agency approximately \$1.5 million for the same period.

STRATEGIC NEXUS

This discussion of WIFIA considerations helps support SCV Water's Goal E: Financial Resiliency - Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.

FINANCIAL CONSIDERATIONS

The Agency has spent approximately \$350,000 on consulting costs for the WIFIA loan application to date. Not all consulting work would be lost as a majority of the costs assisted the Agency in prioritizing the 10-year CIP, working on project completion schedules, and developing strategic plans for future infrastructure investments. These efforts have provided valuable insights and tools that will continue to benefit the Agency beyond the current application process, contributing to improved project management and long-term planning in addition to the implementation of interim financing.

RECOMMENDATION

The Finance and Administration Committee discuss and recommend to the Board of Directors to withdraw the Agency's WIFIA loan application and continue to pursue the commercial paper program to finance a portion of its 10-year CIP program.

RP



[This page intentionally left blank.]



COMMITTEE MEMORANDUM

DATE: September 9, 2024

TO: Finance and Administration Committee

FROM: Rochelle Patterson
Chief Financial and Administrative Officer

SUBJECT: Review Utilization of the Whittaker Corporation Damage Award

A handwritten signature in black ink, appearing to read "R. Patterson", is placed to the right of the "FROM:" field.

SUMMARY AND DISCUSSION

The Agency brought suit against and was awarded damages from Whittaker Corporation for costs to treat and contain groundwater contamination caused by Whittaker. The Agency was also awarded past replacement water and blend water damages incurred as a direct result of the groundwater contamination. On June 4, 2024, the Agency received \$72,348,186 following the 9th Circuit decision upholding the District Court's award of damages. The funds have been received and are currently being invested earning more than 4% interest.

The damage award did not specify how the Agency should spend the funds. In general, the damage award should be used to pay the Agency's past and anticipated future costs of treating the groundwater contamination in the Agency's impacted wells. This would include costs associated with a portion of design, permitting, construction and inspection for adding perchlorate and Volatile Organic Compound (VOC) treatment at Well V205, adding VOC treatment at Well V201, and adding VOC Treatment at Wells S1 and S2 (Capital costs). The damage award should also fund projected operation and maintenance costs for these treatment facilities (Treatment operating costs). SCV Water is currently constructing perchlorate and VOC treatment at Well 205, VOC treatment at Well 201 and VOC treatment at S1 and S2, estimated to cost \$26.8 million, \$9.3 million, and \$6.26 million respectively.

Prior to the damage award, the wellhead treatment construction costs for the wells were to be funded by debt. The damage award will significantly reduce the amount of debt needed to install the treatment systems at the impacted wells. By not incurring debt for the treatment systems, the Agency will have additional capacity to fund other projects, pay down existing debt or lower the costs of servicing existing debt.

The remaining damage award will continue to be invested and will be drawn down to cover future VOC and Perchlorate Treatment operating costs.

STRATEGIC NEXUS

The discussion of the utilization of the funds from the Whittaker Corporation damage award supports SCV Water's Strategic goals D and G: High Quality Water, and Environmental Stewardship.

Goal D: High Quality Water - Protect the quality of our water supplies and ensure our drinking water is in compliance with all water quality requirements.

Goal G: Environmental Stewardship - Achieve environmental compliance and strive for sustainable policies, projects and practices.

FINANCIAL CONSIDERATIONS

N/A

RECOMMENDATION

The Finance and Administration Committee discuss utilization of the Whittaker Corporation damage award.

RP





Monthly Financial Report

July 2024

[This page intentionally left blank.]

Statement of Revenues and Expenses

[This page intentionally left blank.]

SCV Water Statement of Revenues and Expense: For the 1st Period Ending 7.31.24 - Unaudited

	(B)			(C)			(D)			(E)	(F)		(G)	(H)	
	Current Period			Current Period			Year-to-Date				Budget	Variance			Percent
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance						
(1)	\$ 7,542,903	\$ 11,411,447	\$ (3,868,544)	(34%)	(a) Water Sales	\$ 7,542,903	\$ 11,411,447	\$ (3,868,544)	(34%)	(1)					
(2)	-	26,324	(26,324)	(100%)	(b) Water Sales - WWR	-	26,324	(26,324)	(100%)	(2)					
(3)	28,734	43,698	(14,965)	(34%)	(c) Water Sales - Recycled	28,734	43,698	(14,965)	(34%)	(3)					
(4)	68,010	93,833	(25,823)	(28%)	(c) Misc Fees and Charges	68,010	93,833	(25,823)	(28%)	(4)					
(5)	<u>\$ 7,639,647</u>	<u>\$ 11,575,303</u>	<u>\$ (3,935,656)</u>	<u>(34%)</u>	Total Operating Revenues	<u>\$ 7,639,647</u>	<u>\$ 11,575,303</u>	<u>\$ (3,935,656)</u>	<u>(34%)</u>	(5)					
					Operating Expenses										
(6)	\$ 169,455	\$ 367,010	\$ (197,554)	(54%)	(d) Management	\$ 169,455	\$ 367,010	\$ (197,554)	(54%)	(6)					
(7)	1,338,366	2,500,062	(1,161,696)	(47%)	(e) Finance, Admin & IT	1,338,366	2,500,062	(1,161,696)	(47%)	(7)					
(8)	148,058	273,473	(125,415)	(46%)	(f) Customer Care	148,058	273,473	(125,415)	(46%)	(8)					
(9)	634,570	927,530	(292,960)	(32%)	(h) Trans & Distribution	634,570	927,530	(292,960)	(32%)	(9)					
(10)	63,147	1,346,813	(1,283,666)	(95%)	(i) Pumping Wells & Storage	63,147	1,346,813	(1,283,666)	(95%)	(10)					
(11)	239,616	1,082,323	(842,708)	(78%)	(j) Water Resources	239,616	1,082,323	(842,708)	(78%)	(11)					
(12)	975	136,045	(135,071)	(99%)	(k) Source of Supply	975	136,045	(135,071)	(99%)	(12)					
(13)	745,501	1,207,899	(462,397)	(38%)	(l) Water Quality, Treatment & Maintenance	745,501	1,207,899	(462,397)	(38%)	(13)					
(14)	209,726	319,581	(109,855)	(34%)	(m) Engineering Services	209,726	319,581	(109,855)	(34%)	(14)					
(15)	<u>\$ 3,549,414</u>	<u>\$ 8,160,737</u>	<u>\$ (4,611,323)</u>	<u>(57%)</u>	Total Operating Expenses	<u>\$ 3,549,414</u>	<u>\$ 8,160,737</u>	<u>\$ (4,611,323)</u>	<u>(57%)</u>	(15)					
(16)	<u>\$ 4,090,233</u>	<u>\$ 3,414,566</u>	<u>\$ 675,667</u>	<u>20%</u>	Net Operating Revenues (Expenses)	<u>\$ 4,090,233</u>	<u>\$ 3,414,566</u>	<u>\$ 675,667</u>	<u>20%</u>	(16)					
					Non-Operating Revenues and (Expenses)										
(17)	\$ 988,697	\$ 2,429,583	\$ (1,440,886)	(59%)	(n) Non-Operating Revenues ¹	\$ 988,697	\$ 2,429,583	\$ (1,440,886)	(59%)	(17)					
(18)	(4,200,135)	(5,547,030)	1,346,896	(24%)	(o) Capital Improvement Projects - Pay Go	(4,200,135)	(5,547,030)	1,346,896	(24%)	(18)					
(19)	-	-	-	0%	Debt Service	-	-	-	0%	(19)					
(20)	(3,024)	(3,333)	309	(9%)	Leases and SBITA Interest Expenses	(3,024)	(3,333)	309	(9%)	(20)					
(21)	<u>\$ (3,214,462)</u>	<u>\$ (3,120,781)</u>	<u>\$ (93,681)</u>	<u>3%</u>	Net Non-Operating Revenues and (Expenses)	<u>\$ (3,214,462)</u>	<u>\$ (3,120,781)</u>	<u>\$ (93,681)</u>	<u>3%</u>	(21)					
(22)	<u>\$ 875,772</u>	<u>\$ 293,786</u>	<u>\$ 581,986</u>	<u>198%</u>	Increase (Decrease) in Net Position	<u>\$ 875,772</u>	<u>\$ 293,786</u>	<u>\$ 581,986</u>	<u>198%</u>	(22)					

Monthly Changes of more than 10% and \$20,000

- (a) Water Sales are below budget due to lower-than-expected meter counts and consumption projected in the last Cost of Service Study as well as FY 2024 year end adjustment for unbilled receivables.
- (b) Timing delay between invoice billed and payment received. July payment recorded in August.
- (c) Misc Fees and Charges vary month to month.
- (d) July payroll lower due to reversal of year-end accrual. Outside services lower than budgeted due to the timing of invoices.
- (e) July payroll lower due to reversal of year-end accrual. Outside services lower than budgeted due to the FY 2024 adjustment related to software annual support/maintenance agreements (SBITA).
- (f) July payroll and Outside Services are lower than budgeted due to reversal of year-end accruals.
- (g) July payroll lower due to reversal of year-end accrual. Outside services lower than budgeted, July payroll lower due to reversal of year-end accrual.
- (h) Utilities lower than budgeted due to year-end Edison accrual, Outside services lower than budgeted, July payroll lower due to reversal of year-end accrual.
- (i) July payroll lower due to reversal of year-end accruals. Outside services are lower than budgeted due timing of professional service invoices and reversal of BMP implementation year-end accruals.
- (j) No core water supply expenses in this period.
- (k) Utilities lower than budgeted due to year-end Edison accrual. July payroll lower due to reversal of year-end accruals.
- (l) Outside services and July payroll are lower than expected due to reversal of year-end accrual.
- (m) Non-Operating Revenues are under budget due to timing of Grant Receipts and Facility Capacity Fees being lower than budgeted.
- (n) Non-Operating Revenues are under budget due to timing of Grant Receipts and Facility Capacity Fees being lower than budgeted.
- (o) Timing of capital projects vary month to month.

¹ Non-Operating Revenues include: Grants & Reimbursements, 1% Property Tax, Cell Sites, FCF, Lab Revenues, Interest Income, Annexation Reimb.

[This page intentionally left blank.]

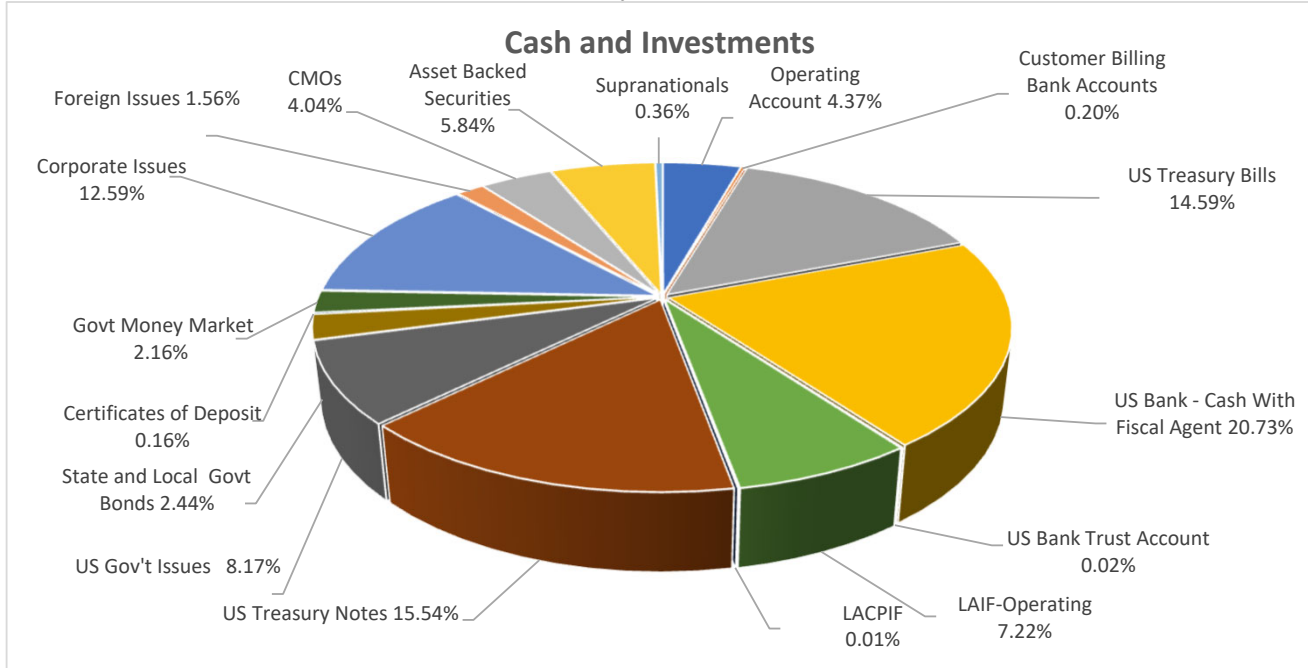
Investment Report

[This page intentionally left blank.]

Santa Clarita Valley Water Agency

Cash and Investment Summary

July 31, 2024



Operating Account-Incl FCF's, SWP & CIP	XXX-10101	\$	17,422,172	4.37%
Customer Billing Bank Accounts	101-10105		800,805	0.20%
US Treasury Bills (Cash Equivalent)	101-10104		58,209,301	14.59%
US Bank - Cash with Fiscal Agent	101-102XX		82,695,208	20.73%
US Bank Trust Account (1% Prop Tax)	101-10202		63,198	0.02%
LAIF - Operating	101-11061		28,803,054	7.22%
LAC Pooled Investment Fund	101-11062		27,935	0.01%
US Treasury Notes	101-11063		62,049,889	15.54%
US Gov't Issues (excl T-Bills & T-Notes)	101-11064		32,582,642	8.17%
State and Local Government Bonds	101-11065		9,749,021	2.44%
Certificates of Deposit	101-11066		644,470	0.16%
Government Money Mkt Fund	101-11067		8,603,236	2.16%
Corporate Issues	101-11068		50,244,905	12.59%
Foreign Issues	101-11069		6,220,195	1.56%
CMOs	101-11070		16,132,195	4.04%
Asset Backed Securities	101-11071		23,316,481	5.84%
Supranationals	101-11072		1,438,891	0.36%
		\$	399,003,598	100.00%

Estimated Refundable Developer Deposits:

\$ 8,495,382 Included in totals

Portfolio-wide Investments, including CIP Funds:
 Weighted Average Yield **4.724%**

Rochelle Patterson, MPA
 Treasurer/Chief Financial & Administrative Officer

Amy Aguer, CPA
 Controller

All investment actions executed since the last report have been made in full compliance with the Investment Policy, and the Agency will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively.

SCV Water
Consolidated Cash & Investment Summary
7/31/2024

	<u>Note</u>	<u>Acct #</u>	<u>Balance</u>		<u>Total</u>	<u>% of Total</u>
AGENCY FUNDS						
Cash & Sweep Accounts						
WF Operating Account-Incl FCF's, SWP & CIP		101/202/204/223-10101	\$ 17,422,172			
Less: WF Restricted Cash (FCFs, SWP & CIP)	1	202/224/223-10101/10223	(7,398,591)			
US Treasury Bills - CAM		101-10104	58,209,301			
Customer Billing - Northstar Account		101-10105	219,753			
Commercial Paper		101-10106	-			
Customer Billing - enQuesta Account		101-10107	581,052			
US Bank - Cash with Fiscal Agent		101/204/223-102XX	82,695,208			
Less: Restricted Cash US Bank Debt Svc	1	101/223-102XX	(32,604,855)			
Less: Restricted Cash US Bank 2023A Bonds	1	223-10223	(50,090,352)			
US Bank Trust Account (1% Prop Tax)		101/204-10202	63,198			
Less: Restricted Cash US Bank 1% Prop Tax	2	101/204-10202	(63,198)			
			-			
Subtotal - Cash & Sweep Accounts Unrestricted			-		\$ 69,033,687	17.30%
Investments - Unrestricted						
Local Agency Investment Fund		101/202/204-11061	\$ 28,803,054			
LAC Pooled Investment Fund		101-11062	27,935			
US Treasury Notes - US Bank		101-11063	62,049,889			
US Govt Issues (excl T-Notes & T-Bills)		101/204-11064	32,582,642			
Taxable Municipal Issues (State & Local)		101-11065	9,749,021			
Certificates of Deposit		101-11066	644,470			
Government Money Mkt Fund		101/204-11067	8,603,236			
Corporate Issues		101-11068	50,244,905			
Foreign Issues		101-11069	6,220,195			
CMOs-Collateralized Mortgage Obligations		101-11070	16,132,195			
Asset Backed Securities		101-11071	23,316,481			
Supranationals		101-11072	1,438,891			
Less: Restricted Investments - FCF	3	202-11061	(9,882,795)			
Less: Restricted Investments - SWP	4	204-11061-11067	(104,601,288)			
Subtotal - Investments Unrestricted			-		\$ 125,328,830	31.41%
Cash and Investments - Restricted						
Facility Capacity Fee Fund - Cash	5	202-10101	\$ -			
Facility Capacity Fee Fund - Investments	3	202-11061	9,882,795			
US Bank Debt Svc Trust Accounts	1	101/223-102XX	32,604,855			
US Bank Trust Account (1% Prop Tax)	2	101/204-10202	63,198			
State Water Project - Cash (WF & US Bank)	6	204-10101	1,873,685			
State Water Project - Investments	4	204-11061/11063/11064	104,601,288			
Subtotal - Cash & Investments Restricted			-		149,025,822	37.35%
TOTAL AGENCY CASH & INVESTMENTS					\$ 343,388,340	
CAPITAL IMPROVEMENT PROJECT FUNDS						
Cash & Sweep Accounts - Wells Fargo Pooled Cash	7	223-10101/101-10223	\$ 5,524,906			
US Bank Trust Account - 2023 Bond Proceeds		223-102XX	50,090,352			
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS					\$ 55,615,258	13.94%
TOTAL CASH AND INVESTMENTS					\$ 399,003,598	100.00%

Notes

- | | |
|---|--|
| 1 Restricted Cash - Debt Svc, FCF's, SWP, & CIP | 5 Restricted Cash - FCF's (Txfr'd to cover Debt Svc) |
| 2 Restricted Cash - US Bank 1% Property Taxes | 6 Restricted Cash - SWP (State Water Project) |
| 3 Restricted Investments - FCF's Legacy SCWD | 7 Restricted Cash - CIP 2023A Bond Proceeds |
| 4 Restricted Investments - State Water Project | |

7/31/2024

Per Chandler Asset Management and US Bank Custody Trust Statements

Agency-wide General Funds Invested:

Cash & Cash-Equivalents	Cost	Yield	Purchase Date	Maturity Date	Est'd Yield
Wells Fargo Pooled Operating Cash	\$ 17,422,172	5.184%	Various	Liquid	\$ 903,138
Less: CIP 2023A Pooled Cash	(3,958,834)	5.184%	Various	Liquid	(205,220)
Wells Fargo Customer Care Accounts	800,805	5.184%	Various	Liquid	41,512
US Bank DS Accounts	82,695,208	4.740%	Various	Liquid	3,919,753
Less: CIP 2023A US Bank Bond Proceeds	(51,656,477)	4.800%	Various	Liquid	(2,479,511)
US Bank 1% Property Tax Trust Account	63,198	3.810%	Various	08/15/24	2,408
US T-Bills (Cash Equiv) - CAM	58,209,301	5.211%	Various	Various	3,033,522
First American Govt MM (Cash Equiv)-CAM	8,603,236	4.920%	Various	Liquid	423,279
Total Cash & Cash-Equivalents	\$ 112,178,610	5.027%	Weighted Avg Yield		\$ 5,638,881

Investments External to US Bank / Chandler Asset Management

Local Agency Investment Fund (LAIF)	\$ 28,803,054	4.516%	Various	Liquid	1,300,746
LA County Pooled Investment Fund	27,935	4.110%	Various	Liquid	1,148

Investments per US Bank / Chandler Asset Management Statements (excluding Cash Equivalents)

Asset-Backed Securities - CAM	\$ 23,316,481	4.827%	Various	Various	\$ 1,125,461
Federal Agencies - CAM	32,582,642	4.693%	Various	Various	1,528,964
CMOS' - Collateralized Mortgages - CAM	16,132,195	4.489%	Various	Various	724,223
Corporate Issues - CAM	51,746,570	4.747%	Various	Various	2,456,625
Municipal Bonds (State/Local Gov'ts) CAM	9,749,021	4.777%	Various	Various	465,753
Negotiable Certificates of Deposit - CAM	644,470	5.222%	Various	Various	33,654
US Treasury Notes - US Bank	62,049,889	4.161%	Various	Various	2,582,188
Foreign Issues - CAM	6,220,195	4.959%	Various	Various	308,469
Supranationals - CAM	1,438,891	4.872%	06/27/23	05/15/26	70,108
Total Investments	\$ 232,711,342	4.554%	Weighted Avg Yield		\$ 10,597,339

Cash & Investments Non-CIP	\$ 344,889,952	4.708%	Portfolio Weighted Avg Yield		\$ 16,236,220
---------------------------------------	-----------------------	---------------	------------------------------	--	----------------------

Reconciliation with Portfolio-wide Summary

			CAM Managed Assets / Held at US Bank in Trust	
CIP 2023A Cash	\$ 3,958,834	5.184%	US T-Bills (Cash Equivalent)	\$ 58,209,301
CIP US 2023A Bond Proceeds	51,656,477	4.800%	First American Gov't MM	8,603,236
CIP Cash & Investments	55,615,310	4.827%	Asset-Backed Securities	23,316,481
Portfolio Wide Total Cash & Investments	\$ 400,505,263	4.724%	Federal Agencies	32,582,642
Timing differences, Reconciling Items; see Note 2 On Consolidated TB	1,501,665		CMO's - Collateralized Mtgs	16,132,195
			Corporate Issues (excluding Foreign Issues)	51,746,570
			Municipal Bonds (State/Local)	9,749,021
			Negotiable CDs	644,470
			US Treasury Notes	62,049,889
			Foreign Notes	6,220,195
			Supranationals	1,438,891
			CAM Assets Managed	\$ 270,692,891
				68%

[This page intentionally left blank.]

3-Month Cashflow

[This page intentionally left blank.]

SANTA CLARITA VALLEY WATER AGENCY
3 - Month Cash Flow Projection

DESCRIPTION	UNRESTRICTED		RESTRICTED		
	Checking	Investments	CIP Fund	SWC	Capacity Fees
Beginning Balance (estimated):	\$ 71,750,279	\$ 125,742,603	\$ 53,775,612	\$ 105,642,111	\$ 5,034,790
September 2024					
Cash Provided from:					
Water Sales	12,475,175	-	-	-	-
Water Sales Misc ¹	99,333	-	-	-	-
Recycled Water Sales	43,698	-	-	-	-
Non Operating Income:					
Property Taxes	-	-	-	-	-
Capacity Fees	-	-	-	-	558,333
Interest Earned	438,946	-	65,684	326,590	-
Communication/Rental	47,778	-	-	-	-
Grants	-	-	498,000	-	-
Reimbursements ²	128,358	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other ³	56,180	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(8,790,798)	-	-	(177,940)	-
DWR Payments	-	-	-	(1,091,500)	-
Misc. Water Purchases	(6,667)	-	-	(1,524,461)	-
Debt Service	(3,333)	-	-	-	-
CIP	(2,338,667)	-	(3,173,667)	-	-
CalPERS UAL	-	-	-	-	-
Txfr to/from	-	-	-	-	-
Projected Ending Balance September 2024	\$ 73,900,283	\$ 125,742,603	\$ 51,165,629	\$ 103,174,800	\$ 5,593,123
October 2024					
Cash Provided from:					
Water Sales	10,400,367	-	-	-	-
Water Sales Misc ¹	88,333	-	-	-	-
Recycled Water Sales	43,698	-	-	-	-
Non Operating Income:					
Property Taxes	-	-	-	-	-
Capacity Fees	-	-	-	-	558,333
Interest Earned	438,946	-	65,684	326,590	-
Communication/Rental	47,778	-	-	-	-
Grants	252,934	-	498,000	-	-
Reimbursements ²	52,545	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other ³	56,180	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(7,948,258)	-	-	(177,940)	-
DWR Payments	-	-	-	(849,000)	-
Misc. Water Purchases	(6,667)	-	-	(1,460,441)	-
Debt Service	(3,333)	-	-	-	-
CIP	(2,338,667)	-	(3,173,667)	-	-
Txfr to/from	-	-	-	-	-
Projected Ending Bal October 2024	\$ 74,984,139	\$ 125,742,603	\$ 48,555,646	\$ 101,014,010	\$ 6,151,457

SANTA CLARITA VALLEY WATER AGENCY
3 - Month Cash Flow Projection

DESCRIPTION	UNRESTRICTED		RESTRICTED		
	Checking	Investments	CIP Fund	SWC	Capacity Fees
Beginning Balance (estimated):	\$ 71,750,279	\$ 125,742,603	\$ 53,775,612	\$ 105,642,111	\$ 5,034,790
November 2024					
Cash Provided from:					
Water Sales	9,362,963	-	-	-	-
Water Sales Misc ¹	82,833	-	-	-	-
Recycled Water Sales	43,698	-	-	-	-
Non Operating Income:					
Property Taxes	692,605	-	-	827,361	-
Capacity Fees	-	-	-	-	558,333
Interest Earned	438,946	-	65,684	326,590	-
Communication/Rental	47,778	-	-	-	-
Grants	252,934	-	498,000	-	-
Reimbursements ²	54,775	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other ³	56,180	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(8,153,788)	-	-	(177,940)	-
DWR Payments	-	-	-	(849,000)	-
Misc. Water Purchases	(6,667)	-	-	(1,460,441)	-
Debt Service	(3,333)	-	-	-	-
CIP	(2,338,667)	-	(3,173,667)	-	-
Txfr to/from	-	-	-	-	-
Projected Ending Bal November 2024	\$ 75,514,396	\$ 125,742,603	\$ 45,945,663	\$ 99,680,580	\$ 6,709,790

Notes:

¹ Water Sales Misc. includes Late Charges, Misc. Retail Charges, Rebates, and Water Sales-One time

² Reimbursements include Annexation and PERCH Reimbursements - O&M & CIP

³ Other includes Laboratory Revenues and Other Non-Operating Revenue

Ten Largest Disbursements Check Register

[This page intentionally left blank.]

SCV Water
 Ten Largest Disbursements
 July 1, 2024 to July 31, 2024

No.	Date	Pmt #	Supplier_Name	Invoice_Description	Method	Amount
1	07-24-2024	59977	GS Sand Canyon For Rent, LLC	Sand Canyon Plaza Pump Station	CHECK	1,563,967.00
			GS Sand Canyon For Rent, LLC			1,563,967.00
	07-10-2024	19616	Thirkettle Corporation	520 SINGLE PORT METER TRANSCEIVER (1458)	SCV_ACH	357,114.52
	07-10-2024			SINGLE PORT METER TRANSCEIVER (1944)		464,253.22
2			Thirkettle Corporation			821,367.74
3	07-17-2024	59904	Department of Water Resources	DWR Monthly Variable - APR2024 Contract 160213	CHECK	776,867.00
			Department of Water Resources			776,867.00
4	07-10-2024	19666	Zim Industries, Inc.	Replacement (Saugus 3 & 4) Wells Construction Project. Progress Payment through 5/31/24	SCV_ACH	735,075.54
			Zim Industries, Inc.			735,075.54
5	07-29-2024	19824	So. California Edison Co.	25849 1/2 Railroad ave 05/29/24 - 06/26/24	AUTO_DEBIT	10,511.42
				25849 1/2 Railroad ave 04/29/24 - 05/28/24		-1,269.78
				Bouquet Canyon Rd 05/17/24 - 06/17/24		20.50
				32700 Lake Hughes Rd 05/29/24 - 06/26/24		5.62
						19.56
				27234 Bouquet Canyon Rd 05/29/24 - 06/26/24		50.08
				25401 Bouquet Canyon Rd 05/28/24 - 06/25/24		258,730.97
				25401 Bouquet Canyon Rd 04/26/24 - 05/27/24		-16,507.06
				23308 Magic Mountain 05/09/24 - 06/09/24		2,130.77
				23308 Magic Mountain 04/10/24 - 05/08/24		-462.85
				23498 Newhall Ranch Rd 05/29/24 - 06/26/24		17.45
				28185 The Old Rd 05/29/24 - 06/26/24		3,722.38
						4,021.22
				26503 Mcbean Pkwy 05/29/24 - 06/26/24		19.78
				32700 Lake Hughes Rd W 05/29/24 - 06/26/24		7,320.11
						6,898.85
				27930 1/2 Lost Canyon Rd 05/29/24 - 06/26/24		150.20
				27171 1/2 Camp Plenty 05/29/24 - 06/26/24		36.06
				20545 Santa Clara St 05/29/24 - 06/26/24		251,100.81
						18.53
				20545 Santa Clara St 04/29/24 - 05/28/24		-17,141.95
				27295 Rolling Hills Ave 05/29/24 - 06/26/24		301.87
				17213 Medley Ridge Dr 05/29/24 - 06/26/24		32.76
				27434 1/2 Bouquet Canyon Rd 05/29/24 - 06/26/24		132.79
				27475 1/2 Canyon View Dr 05/13/24 - 06/11/24		101.94
				26501 Summit Cir 05/22/24 - 06/20/24		552.78
26501 Summit Cir 05/23/24 - 06/23/24	261.45					
	25.66					
26979 Westridge 05/29/24 - 06/26/24	22.69					
	11.27					
27139 Honby Ave Ped 05/21/24 - 06/19/24	25.12					
		510,861.00				
6	07-31-2024	19845	Thirkettle Corporation	2 IN OMNI METER (50)	SCV_ACH	113,750.26
				1-1/2 IN OMNI T2 METER (80)		85,594.84
				2 IN OMNI METER (38)		45,792.64
				2 IN OMNI METER (39)		100,494.49
			Semitropic Water Storage District			345,632.23
7	07-10-2024	19653	Rosedale-Rio Bravo Water Storage District	Cross Valley Canal Power Charges - Aug 2023	SCV_ACH	47,677.00
				Reserve Banked Recovery & Storage: May 2023 - Dec 2023		274,781.00
			Rosedale-Rio Bravo Water Storage District			322,458.00
8	07-02-2024	19569	Pacific Hydrotech Corporation	Santa Clara & Honby Wells PFAS Groundwater Treatment Improvement - Construction, Progress Payment through 4/30/24	SCV_ACH	272,549.36
			Pacific Hydrotech Corporation			272,549.36
8	07-29-2024	19506	So. California Edison Co.	27651 Park Forest 05/22/24 - 06/20/24	AUTO_DEBIT	3,735.71
						3,063.84
				25101 Sagecrest Cir 05/22/24 - 06/20/24		126.87
						135.42
				25550 Hemingway Ave 05/22/24 - 06/20/24		7,578.87
				25550 Hemingway Ave 05/22/24 - 06/20/24		7,651.21
		15.68				

SCV Water
 Ten Largest Disbursements
 July 1, 2024 to July 31, 2024

No.	Date	Pmt #	Supplier_Name	Invoice_Description	Method	Amount
						1.22
				26748 Sandburn Pl 05/22/24 - 06/20/24		24.45
				26748 Sanburn Pl 05/22/24 - 06/20/24		10.92
				28202 Cascade Rd 05/22/24 - 06/20/24		15.51
						1.14
				28318 Witherspoon Pkwy 05/22/24 - 06/20/24		15.53
						1.17
				29646 The Old Rd 05/22/24 - 06/20/24		32.45
						18.51
				30016 Hamlet Way 05/22/24 - 06/20/24		18.85
						5.06
				25774 Oak Meadow Dr 05/22/24 - 06/20/24		20.66
						7.42
				26608 Feedmill Rd 05/22/24 - 06/20/24		16,785.89
						20,807.89
				25507 Oak Meadow 05/22/24 - 06/20/24		15.53
						1.07
				26797 Westridge 05/22/24 - 06/20/24		14.92
						0.93
				26994 Willowbrook Ln 05/22/24 - 06/20/24		18.03
						3.28
				23100 Lowridge Pl 05/22/24 - 06/20/24		27.94
				23100 Lowridge Pl 05/22/24 - 06/20/24		16.18
				30149 Galberth Ct 05/22/24 - 06/20/24		14.67
						0.00
				29909 Bancroft Pl 05/22/24 - 06/20/24		15.53
						1.19
				28639 Livingston Ave 05/22/24 - 06/20/24		229.54
				28636 Livingston Ave 05/22/24 - 06/20/24		253.67
				23416 Magic Mountain Pkwy 06/10/24 - 06/30/24		4,378.29
				Avenida Velarte 06/10/24 - 06/30/24		633.94
				25901 Tournament Rd 06/11/24 - 06/30/24		8,120.76
				24341 Valencia Blvd 05/22/24 - 06/20/24		10,664.29
				26908 Feedmill Rd 05/22/24 - 06/20/24		13,443.62
						652.08
				26908 Feedmill Rd 04/23/24 - 05/21/24		17,074.90
				26908 Feedmill Rd 05/28/24 - 06/25/24		9,901.83
				28410 Hillcrest Pkwy 05/28/24 - 06/25/24		2,181.62
						2,598.29
				30400 Vineyard Ln 05/28/24 - 06/25/24		192.01
						221.64
				23503 Valencia Blvd 06/13/24 - 06/30/24		1,726.17
				24526 Sagecrest Cir 06/11/24 - 06/30/24		3,463.28
						4,585.13
				28830 Hancock Pkwy 05/31/24 - 06/30/24		138.57
						33.76
				28201 1/2 River Trail Ln 06/04/24 - 06/30/24		5,974.62
				26353 Mcbean Pkwy 06/12/24 - 06/30/24		3,217.33
				27118 Vista Delgado Dr 06/14/24 - 06/30/24		5,317.05
				26024 Kavenagh Ln 06/12/24 - 06/30/24		2,702.20
						2,830.00
				23600 Decoro Dr 05/22/24 - 06/20/24		7,982.86
						0.00
				24050 Valencia Blvd 05/22/24 - 06/20/24		199.92
				27101 Ridge Road 05/22/24 - 06/20/24		5,164.68
				21363 Soledad Canyon Rd 05/22/24 - 06/20/24		109.51
				26477 Bouquet Canyon Rd 05/22/24 - 06/20/24		15,621.80
				25112 Rye Canyon Loop 05/22/24 - 06/20/24		230.47
				25234 Valencia 05/22/24 - 06/20/24		15,496.15
				25841 Tournament Rd 05/22/24 - 06/20/24		100.95
				27700 Golden St 05/22/24 - 06/20/24		125.29
				28400 Copper Hill Dr 05/22/24 - 06/20/24		523.58
				25197 Aurora Dr 05/22/24 - 06/20/24		3,844.58

SCV Water
 Ten Largest Disbursements
 July 1, 2024 to July 31, 2024

No.	Date	Pmt #	Supplier_Name	Invoice_Description	Method	Amount
				28531 Farrier Dr 05/22/24 - 06/20/24		17.28
				23816 Auto Center 05/22/24 - 06/20/24		14,724.66
				23817 Auto Center 05/22/24 - 06/20/24		27,653.90
				27508 Newhall Ranch Rd 05/22/24 - 06/20/24		162.11
				24439 Valencia 05/22/24 - 06/20/24		224.31
				29238 Black Pine Way 05/22/24 - 06/20/24		22.22
				28820 Bellows Ct 05/22/24 - 06/20/24		1,652.27
				25600 Hwy 99 05/22/24 - 06/20/24		1,736.84
				27502 Hasley Canyon Rd 05/17/24 - 06/17/24		97.10
						11.35
				28053 Carnegie Ave 05/21/24 - 06/19/24		3,264.15
				28432 Livingston Ave 05/17/24 - 06/17/24		984.90
						690.69
				26280 1/2 Gladding 05/21/24 - 06/19/24		134.38
				26629 Bouquet Canyon Rd 05/17/24 - 06/17/24		2,473.98
				22555 Brightwood Pl 05/17/24 - 06/17/24		135.30
				27949 Hancock Pkwy 05/13/24 - 06/11/24		205.69
						96.29
9			So. California Edison Co.			264,425.34
	07-10-2024	19641	State Water Contractors	FY 2024-2025 Member Dues	SCV_ACH	196,266.00
10			State Water Contractors			196,266.00

Total	5,809,469.21
Total-All Disbursements Issued During July 2024	13,196,591.57
Largest Ten Vendor Payments as Compared to Total	44%

[This page intentionally left blank.]

Director Stipends

[This page intentionally left blank.]

**DIRECTORS STIPENDS PAID IN AUGUST 2024
FOR THE MONTH OF JULY 2024**

Director Kathye Armitage

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
07/15/24	ACWA Brown Act Subcommittee Meeting	\$0.00
07/15/24	Finance and Administration Committee Meeting	\$255.00
07/16/24	Regular Board Meeting	\$255.00
07/17/24	Executive Committee Meeting of the Special Districts Association of North LA County	\$255.00
	Stipend Total	\$1,020.00
	Total Paid Days	4
	Total Meetings	5

Director Beth Braunstein

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
	Stipend Total	\$255.00
	Total Paid Days	1
	Total Meetings	1

Director Ed Colley

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
08/06/24	Regular Board Meeting	\$255.00
	Stipend Total	\$510.00
	Total Paid Days	2
	Total Meetings	2

Director William Cooper

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
07/03/24	Rescheduled Engineering and Operations Committee Meeting	\$255.00
07/10/24	Water Resources and Watershed Committee Meeting	\$255.00
07/16/24	Regular Board Meeting	\$255.00
07/25/24	ACWA Board Workshop	\$255.00
07/26/24	ACWA Board Meeting	\$255.00
07/29/24	Agenda Planning Meeting	\$255.00
	Stipend Total	\$1,785.00
	Total Paid Days	7
	Total Meetings	7

Director Maria Gutzeit

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
07/15/24	One-on-One Meeting with General Manager	\$255.00
07/15/24	Finance and Administration Committee Meeting	\$0.00
07/16/24	Regular Board Meeting	\$255.00
07/29/24	Agenda Planning Meeting	\$255.00
	Stipend Total	\$1,020.00
	Total Paid Days	4
	Total Meetings	5

Director Dirk Marks

Date	Meeting	Amount
07/02/24	Regular Board Meeting	\$255.00
07/30/24	ACWA Groundwater Committee - Water Quality Subcommittee Meeting	\$255.00
	Stipend Total	\$510.00
	Total Paid Days	2
	Total Meetings	2

Director Reimbursements

[This page intentionally left blank.]

CA Govt. Code Section 53065.5

List of Reimbursement for "Individual Charges" = \$100 or more

Annual Disclosure for Fiscal Year 24/25 [AP Transactions Updated as of: 7/31/2024](#)

DIRECTORS [P-Card \(VISA\) Transactions Updated as of: 7/31/24](#) *July PCard transactions affect Aug cash.

Date	Recipient of Reimbursement	Reason for Reimbursement
------	----------------------------	--------------------------

NO ACTIVITY FOR JULY 2024

[This page intentionally left blank.]

**Finance and Administration Committee
Planning Calendar
FY 2024/25**

Item	July 2 Board	July 15 Comm	July 16 Board	Aug 6 Board	Aug 19 Comm (Q4)	Sept 3 Board	Sept 16 Comm	Oct 1 Board	Oct 21 Comm	Nov 18 Comm (Q1)	Dec 9 RESKED Comm	Dec 10 Board	Jan 7 Board	Jan 21 Board	Jan 27 RESKED Comm	Feb 18 Board	Feb 24 RESKED Comm (Q2)	Mar 17 Comm	Mar 18 Board	Apr 1 Board	Apr 21 Comm	May 6 Board	May 19 Comm (Q3)	June 3 Board	June 16 Comm
11	Investment Advisor Financial Market Update Presentation				C																				
12	Review and Discuss Employee Manual Policy Section 9.10: Pay Plan, Cost of Living Adjustments and General Wage Increases				C																				
13	Recommend Approval for the General Manager to Authorize a Contract with Gallagher Benefit Services, Inc. for Agency-wide Classification, Compensation and Organizational Study				C	P																			
14	Discuss Cost of Service and Rate Design, Phase 1 and 2 of 7 - Data Collection & Revenue Requirements				C																				
15	Recommend Receiving and Filing of June 2024 Monthly and FY 2023/24 Fourth Quarter Financial Report				C	P																			
16	Recommend Approval of a Resolution Adopting a Revised Investment Policy - (Annually adopted via reso) (consent)						P	P																	
17	Discuss WIFIA Loan Concerns and Challenges						P																		
18	Review Utilization of the Whittaker Corporation Damage Award						P																		
19	Discuss Cost of Service and Rate Design, Phase 3 of 7 - Cost of Service Study (RDN)						P	P																	
20	Recommend Receiving and Filing of July 2024 Monthly Financial Report (consent)						P	P																	

**ITEM NO.
8**

**Finance and Administration Committee
Planning Calendar
FY 2024/25**

	July 2 Board	July 15 Comm	July 16 Board	Aug 6 Board	Aug 19 Comm (Q4)	Sept 3 Board	Sept 16 Comm	Oct 1 Board	Oct 21 Comm	Nov 18 Comm (Q1)	Dec 9 RESKED Comm	Dec 10 Board	Jan 7 Board	Jan 21 Board	Jan 27 RESKED Comm	Feb 18 Board	Feb 24 RESKED Comm (Q2)	Mar 17 Comm	Mar 18 Board	Apr 1 Board	Apr 21 Comm	May 6 Board	May 19 Comm (Q3)	June 3 Board	June 16 Comm
21	Discuss Long-Term Staffing Plan							P																	
22		Technology Update (Q)						P																	
23		Fleet and Warehouse Update (Q)							P																
24	Recommend Receiving and Filing of SCV Water Annual Comprehensive Financial Report (ACFR) ended June 30, 2024 (possibly)									P		P													
25	Discuss Cost of Service and Rate Design, Phase 4 of 7 - Rate Design Analysis									P															
26	Recommend Receiving and Filing of August 2024 Monthly Financial Report (consent)									P		P													
27	Recommend Receiving and Filing of September 2024 Monthly and FY 2024/25 First Quarter Financial Report (not consent)									P		P													
28	Cybersecurity and SCADA Update (Q) - Closed Session											P													
29	Security Specialist Update (Q) - Closed Session											P													

**Finance and Administration Committee
Planning Calendar
FY 2024/25**

Item	July 2 Board	July 15 Comm	July 16 Board	Aug 6 Board	Aug 19 Comm (Q4)	Sept 3 Board	Sept 16 Comm	Oct 1 Board	Oct 21 Comm	Nov 18 Comm (Q1)	Dec 9 RESKED Comm	Dec 10 Board	Jan 7 Board	Jan 21 Board	Jan 27 RESKED Comm	Feb 18 Board	Feb 24 RESKED Comm (Q2)	Mar 17 Comm	Mar 18 Board	Apr 1 Board	Apr 21 Comm	May 6 Board	May 19 Comm (Q3)	June 3 Board	June 16 Comm
30	Water Connection Fees Compliance Presentation by LSL (per Amy)										P														
31	Recommend Approval of Prop 218 Notice Phase 5 of 7 - Administrative Record										P		P												
32	Technology Update (Q)										P														
33	Fleet and Warehouse Update (Q)										P														
34	Recommend Receiving and Filing of October 2024 Monthly Financial Report (consent)										P		P												
35	Review Budget Calendar													P											
36	Online Customer Engagement Portal - Smart Meter Consumption Inquiry Demo													P		P									
37	Recommend Receiving and Filing of November 2024 Monthly Financial Report (consent)														P	P									
38	Review COLA Data and Recommend Approval of a Proposed Employee Salary Adjustment (COLA) for FY 2025/26																P		P						
39	Recommend Receiving and Filing of December 2024 and FY 2024/25 Second Quarter Financial Report and Mid-Year Budget Review																								

**Finance and Administration Committee
Planning Calendar
FY 2024/25**

Item	July 2 Board	July 15 Comm	July 16 Board	Aug 6 Board	Aug 19 Comm (Q4)	Sept 3 Board	Sept 16 Comm	Oct 1 Board	Oct 21 Comm	Nov 18 Comm (Q1)	Dec 9 RESKED Comm	Dec 10 Board	Jan 7 Board	Jan 21 Board	Jan 27 RESKED Comm	Feb 18 Board	Feb 24 RESKED Comm (Q2)	Mar 17 Comm	Mar 18 Board	Apr 1 Board	Apr 21 Comm	May 6 Board	May 19 Comm (Q3)	June 3 Board	June 16 Comm
40	Recommend Approval of a Revised Classification Plan, Position Control and Job Descriptions																	P		P					
41	Recommend Approval of a Resolution Revising Retail Water Rates, Phase 6 of 7 - Communication and Approva / Public Hearing - Board																	P		P					
42	Technology Update (Q)																	P							
43	Fleet and Warehouse Update (Q)																	P							
44	Recommend Receiving and Filing of January 2025 Monthly Financial Report (consent)																	P		P					
45	Security Specialist Update (Q) - Closed Session																			P					
46	Recommend Approval of a Resolution Approving the Budget for FY 2025/26 and FY 2026/27																				P				
47	Recommend Approval of a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2024/25 (consent)																				P				
48	Approve a Resolution Adopting the Appropriation Limit for FY 2025/26 (consent)																				P				
49	Review Annual List of Professional Services Contracts (consent)																				P				
50	Recommend Receiving and Filing of February 2025 Monthly Financial Report (consent)																				P				
51	Recommend Receiving and Filing of March 2025 and FY 2024/25 Third Quarter Financial Report																				P				

**Finance and Administration Committee
Planning Calendar
FY 2024/25**

Item	July 2 Board	July 15 Comm	July 16 Board	Aug 6 Board	Aug 19 Comm (Q4)	Sept 3 Board	Sept 16 Comm	Oct 1 Board	Oct 21 Comm	Nov 18 Comm (Q1)	Dec 9 RESKED Comm	Dec 10 Board	Jan 7 Board	Jan 21 Board	Jan 27 RESKED Comm	Feb 18 Board	Feb 24 RESKED Comm (Q2)	Mar 17 Comm	Mar 18 Board	Apr 1 Board	Apr 21 Comm	May 6 Board	May 19 Comm (Q3)	June 3 Board	June 16 Comm
52	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2025/26 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)																								P
53		Technology Update (Q)																							P
54	Fleet and Warehouse Update (Q)																								P
55	Recommend Receiving and Filing of April 2025 Monthly Financial Report (consent)																								P

[This page intentionally left blank.]