



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Monday, November 20, 2017
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

**FINANCE COMMITTEE MEETING
Monday, November 20, 2017 at 3:30 p.m.**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Board on matters which are not on the Agenda. Each speaker is limited to three (3) minutes. The Board will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Board has discussed the item. Each speaker is limited to five (5) minutes.

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

1. Accounts Paid Listing
2. Monthly Financial Reports
3. Major Staff Projects

PRESENTATION AND DISCUSSION ITEMS:

Items recommended for approval at this meeting may be agendized for approval at a future Board meeting.

4. Fiscal Year Annual Reimbursement Report

ACTION ITEMS:

5. Surplus Property
6. Statement of Investment Policy

REPORTS:

7. Report of the General Manager
8. Directors' Reports and Comments

INFORMATION ITEMS:

None



In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water) to make reasonable arrangements to accommodate your requests.

Members of the public desiring to make verbal comments utilizing a translator to present their comments into English shall be provided reasonable time accommodations that are consistent with California law.

*Agenda materials that are public records, which have been distributed to a majority of the Mesa Water Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa Water's website at **www.MesaWater.org**. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.*

ADJOURNMENT

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
CAPITAL				
ARCADIS US INC 000024932	0868662	LEGAL SERVICES	1	1,926.57
10/18/2017				1,926.57
CIVIL SOURCE 000024939	72352	PP 2 DESIGN SERVICES M17-002	1	5,500.00
10/18/2017				5,500.00
MICHAEL BAKER INTERNATIONAL 000024897	990738	PP 51 GIS SUPPORT SERVICES		3,823.75
000024927	990970	PP 29 WELL AUTOMATION		57,362.28
10/17/2017			2	61,186.03
SCHEEVEL ENGINEERING 000024971	1173	FUEL CANOPY		1,468.75
10/18/2017			1	1,468.75
TOTAL CAPITAL			5	70,081.35

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
DEPARTMENT EXPENSE				
ACWA 000025005	2018ANNUALDUES	2018 ANNUAL AGENCY DUES		23,565.91
10/25/2017			1	23,565.91
ACWA JOINT POWERS INSURANCE 000024802	MEMBER#M0012018	LIABILITY INS 10/1/17-9/30/18		218,075.37
000024930	NOV2017EAP	NOV 2017 EAP		129.25
000025006	093017WORKCOMP	WORKERS COMP 07/01/17-09/30/17		18,508.41
10/25/2017			3	236,713.03
AMERICAN WATER WORKS ASSOCIATION 000025011	7001426471	FY18 MEMBERSHIP RENEW-DISTRICT		3,714.00
10/25/2017			1	3,714.00
CALPERS BENEFIT PAYMENTS 0140175	0920172	WTR OPS CALPERS		0.01
0140175	091517	PPE 9/15/17		29,533.57
0140179	15070123	OCT PA BILLING		4,943.14
0140180	15070113	OCT HEALTH BILLING		42,804.52
0140181	09152017	PPE 9/15/17		29,903.62
0140474	101917	PPE 9/29/17		29,721.90
10/19/2017			5	136,906.76
COLONIAL LIFE & ACCIDENT INS 000024818	8892333-1005753	INSURANCE PPE 09/15/17		208.00
000024876	8892333-1019214	INSURANCE PPE 09/29/17		208.00
10/12/2017			2	416.00
FIRST BANKCARD 0140720	0917FB	SEPTEMBER 2017 CHARGES		19,021.19
10/12/2017			1	19,021.19
GOSS ENGINEERING INC 000024885	6174	PP 4 ADMIN/OPS HVAC SYS UPGRD		640.00
10/12/2017			1	640.00

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
GUARDIAN 000024825	00430941OCT17	OCT 2017 DENTAL INSURANCE		5,393.78
10/5/2017			1	<u>5,393.78</u>
ICMA-RC RETIREMENT 0140177	10052017	PPE 09/29/17		7,974.38
0140178	100520171	PPE 09/29/17		975.56
0140472	101317	PPE 10/13/17		7,974.38
0140473	1013171	PPE 10/13/17		975.56
10/19/2017			4	<u>17,899.88</u>
INTERNATIONAL FOUNDATION OF 000024827	453978-X3B6B9	2018 MEMBERSHIP DUES		325.00
10/5/2017			1	<u>325.00</u>
NATIONWIDE RETIREMENT SOLUTIONS 0140176	09292017	PPE 09/29/17		4,112.69
0140475	101917	PPE 10/13/17		4,112.69
10/19/2017			2	<u>8,225.38</u>
NEOGOV, INC 000024899	INV21855	ANNUAL SUB - INSIGHT ENTERPRIS		2,625.00
10/12/2017			1	<u>2,625.00</u>
ORANGE COAST CONSULTANCY 000024834	10243	FINANCE SUPPORT, WE 09/30/17		5,225.00
000024902	10244	FINANCE SUPPORT, WE 10/07/17		3,850.00
000024960	10245	FINANCE SUPPORT, WE 10/14/17		3,740.00
000025037	10246	FINANCE SUPPORT, WE 10/21/17		4,290.00
10/25/2017			4	<u>17,105.00</u>
ORANGE COUNTY EMPLOYEES ASSN 000024835	OCEA PPE092917	MEMBERSHIP DUES 09/29/17		305.10
000025038	OCEA PPE101317	MEMBERSHIP DUES 10/13/17		307.22
10/25/2017			2	<u>612.32</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
RED WING SHOE STORE 000024967	407-1-11494	SAFETY SHOES	1	200.00
10/18/2017				200.00
TASC 000025042	IN1117678	FSA ADMIN FEES SEPT 2017	1	137.31
10/25/2017				137.31
VISTA DEL VERDE LANDSCAPE 000024979	29667	LANDSCAPE MAINT FEES - OCT	1	2,029.00
10/18/2017				2,029.00
VISION SERVICE PLAN - (CA) 000024846	001016760001OCT17	OCT 2017 VISION INSURANCE		1,087.92
000025045	001016760001NOV17	NOV 2017 VISION INSURANCE		1,175.35
000025045	001016760002NOV17	NOV 2017 VISION INSURANCE		14.75
10/25/2017			2	2,278.02
TOTAL DEPARTMENT EXPENSE			34	477,807.58

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
DIRECTOR CHECKS				
FRED BOCKMILLER 000024883	EXP080517	DIRECTOR-MILEAGE REIMBURSEMENT		6.96
000024883	EXP090217	DIRECTOR-MILEAGE REIMBURSEMENT		9.20
000025020	916862	FAX/INTERNET REIMB 8/19-9/18		52.15
10/25/2017			2	68.31
JAMES ATKINSON 000024828	916875	EXPENSE REIMBURSEMENTS		126.22
000024892	EXP080517	DIRECTOR-MILEAGE REIMBURSEMENT		19.80
000024892	EXP090217	DIRECTOR-MILEAGE REIMBURSEMENT		13.38
000025026	916864	CONF REIMBURSEMENT - CSDA		577.48
10/25/2017			3	736.88
JAMES FISLER 000024893	EXP080517	DIRECTOR-MILEAGE REIMBURSEMENT		6.42
000024893	EXP090217	DIRECTOR-MILEAGE REIMBURSEMENT		6.42
10/12/2017			1	12.84
MARICE DEPASQUALE 000024830	916874	CONF REIMBURSEMENT - FALL CSDA		727.84
10/5/2017			1	727.84
TOTAL DIRECTOR CHECKS			7	1,545.87

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
EMPLOYEE CHECKS				
DUSTIN BURNSIDE 000025014	EXP101717	CONF REIMBURSEMENT - SWMOA		134.63
	10/25/2017		1	<u>134.63</u>
FANNI ACOSTA 000025018	EXP101817	CONF REIMBURSEMENT - AWI		323.33
	10/25/2017		1	<u>323.33</u>
JUSTIN FINCH 000024894	EXP101117	CONF REIMBURSEMENT - WTR SMRT		319.55
	10/12/2017		1	<u>319.55</u>
KARYN IGAR 000025027	EXP102317	CONF REIMBURSEMENT-ACWA WL		80.81
	10/25/2017		1	<u>80.81</u>
KAYING LEE 000025028	EXP101917	REIMBURSEMENT - CERT D4		235.00
	10/25/2017		1	<u>235.00</u>
PAUL SHOENBERGER 000024838	916861	ACWA WTR MGMNT CMTE REIMBURSE		658.20
	10/5/2017		1	<u>658.20</u>
STACIE SHEEK 000024911 000024911	EXP101117 EXP101117B	TUITION REIMBURSEMENT TUITION REIMBURSEMENT		942.67 870.00
	10/12/2017		1	<u>1,812.67</u>
TYLER JERNIGAN 000024976 000024976	EXP101117 EXP101017	CERT REIMB - SWRCB D5 CERT REIMB - SWRCB D5 EXAM TJ		105.00 155.00
	10/18/2017		1	<u>260.00</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
WENDY DUNCAN 000024982	916904	EXPENSE REIMBURSEMENTS		50.93
	10/18/2017		1	<u>50.93</u>
TOTAL EMPLOYEE CHECKS			9	3,875.12

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
GENERAL AND ADMINISTRATIVE				
JAMES TICE 000024856	CHEQ00099006332	02505800 Overpayment		228.28
	10/12/2017		1	<u>228.28</u>
KIRK ALBANY 000024990	CHEQ00099006354	08212600 Overpayment		228.85
	10/25/2017		1	<u>228.85</u>
SCOTT CHRISTIANSEN 000024857	CHEQ00099006329	04011100 Overpayment		124.21
	10/12/2017		1	<u>124.21</u>
LORRAINE GOLDEN 000024858 000024858	CHEQ00099006328 CHEQ00099006333	00607600 Overpayment 00607600 Overpayment		55.38 55.38
	10/12/2017		1	<u>110.76</u>
DONNA MEDELBERG 000024991	CHEQ00099006351	06406401 Cheque Deposits 06406		128.49
	10/25/2017		1	<u>128.49</u>
LLOYD MC KIBBIN 000024992	CHEQ00099006347	01905500 Overpayment		41.78
	10/25/2017		1	<u>41.78</u>
MARTHA GUEVARA 000024859	CHEQ00099006337	07315800 Overpayment		110.88
	10/12/2017		1	<u>110.88</u>
RENEE BARTELL 000024860	CHEQ00099006336	07228300 OVERPAYMENT		1,254.54
	10/12/2017		1	<u>1,254.54</u>
ERIN KINDER 000024804	CHEQ00099006325	03300303 Cheque Deposits 03300		83.97
	10/5/2017		1	<u>83.97</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
DIANE SMITH 000024993	CHEQ00099006356	00610615 Cheque Deposits 00610		115.67
	10/25/2017		1	<u>115.67</u>
HELEN TOAL 000024861	CHEQ00099006330	03906800 Overpayment		40.46
	10/12/2017		1	<u>40.46</u>
BRISTOL QUAIL, LLC 000024994	CHEQ00099006349	02050102 Overpayment		66.19
	10/25/2017		1	<u>66.19</u>
WILLIAM ARTUKOVICH 000024995	CHEQ00099006346	02816000 Cheque Deposits 02816		77.87
	10/25/2017		1	<u>77.87</u>
PETER SMITH 000024805	CHEQ00099006323	06600200 Cheque Deposits 06600		8.94
	10/5/2017		1	<u>8.94</u>
SUSAN HUDSON 000024996	CHEQ00099006350	08110500 Cheque Deposits 08110		103.87
	10/25/2017		1	<u>103.87</u>
JOSE A GARCIA 000024997	CHEQ00099006355	03811700 Overpayment		234.54
	10/25/2017		1	<u>234.54</u>
CONSOLIDATED CONTRACTING SERVICES, 000024998	CHEQ00099006360	20076600 Overpayment		900.00
	10/25/2017		1	<u>900.00</u>
RICHARD DAYAO 000024999	CHEQ00099006358	05215000 Cheque Deposits 05215		220.87
	10/25/2017		1	<u>220.87</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
CANDLISH CONSTRUCTION CORP 000024862	CHEQ00099006342	06900700 Cheque Deposits 06900		127.28
10/12/2017			1	<u>127.28</u>
THOMAS DEWEY 000024863	CHEQ00099006334	05716700 Cheque Deposits 05716		95.08
10/12/2017			1	<u>95.08</u>
BARBARA RATTIGAN 000024864 000024864	CHEQ00099006331 CHEQ00099006341	01200300 Overpayment 01200300 Overpayment		157.30 18.74
10/12/2017			1	<u>176.04</u>
LANCE TIBAY 000024806	CHEQ00099006324	06017100 Cheque Deposits 06017		102.02
10/5/2017			1	<u>102.02</u>
ANDREW BUDNIEWSKI 000024807	CHEQ00099006321	05350161 overpayment		32.98
10/5/2017			1	<u>32.98</u>
COPP CONTRACTING, INC. 000025000	CHEQ00099006345	20076900 Cheque Deposits 20076		663.85
10/25/2017			1	<u>663.85</u>
ADAM LEU 000024808 000024865	CHEQ00099006319 CHEQ00099006340	08310203 Overpayment 08310203 Overpayment		49.02 26.98
10/12/2017			2	<u>76.00</u>
MARIO PELLITTERI 000025001	CHEQ00099006357	05922925 Cheque Deposits 05922		95.65
10/25/2017			1	<u>95.65</u>
EVAN PROKUP 000024866	CHEQ00099006338	06503441 Overpayment		35.18
10/12/2017			1	<u>35.18</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
CHRISTOPHER MCDANIEL 000024809	CHEQ00099006320	05401400 Overpayment		75.98
	10/5/2017		1	<u>75.98</u>
REBEKAH BEVENS 000025002	CHEQ00099006344	09125200 Cheque Deposits 09125		114.75
	10/25/2017		1	<u>114.75</u>
CANDICE GUZMAN 000024867	CHEQ00099006327	06503443 Cheque Deposits 06503		1.47
	10/12/2017		1	<u>1.47</u>
TH VICTORIA VENTURE, LLC 000025003	917470	REFUND FOR PROJECT C2203		25,087.15
	10/25/2017		1	<u>25,087.15</u>
JOHN HAYES 000024868	CHEQ00099006326	04620500 Cheque Deposits 04620		44.10
	10/12/2017		1	<u>44.10</u>
AUSTIN PAYNE 000024869	CHEQ00099006339	05150052 Cheque Deposits 05150		63.89
	10/12/2017		1	<u>63.89</u>
DAVID SOTO 000024870	CHEQ00099006335	01326600 Cheque Deposits 01326		57.75
	10/12/2017		1	<u>57.75</u>
GONZALO N DIAZ 000025004	CHEQ00099006352	05613301 Overpayment		29.73
	10/25/2017		1	<u>29.73</u>
JB BOSTICK COMPANY, INC. 000024810	CHEQ00099006322	20078100 Cheque Deposits 20078		716.70
	10/5/2017		1	<u>716.70</u>
ABATIX CORP 000024929	7568756	ASBESTOS DISPOSAL BAGS		249.42
	10/18/2017		1	<u>249.42</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
JON & NICOLE AHUNA 000024811	915329	AHUNA CLAIM DUE TO ML BREAK		7,915.83
	10/5/2017		1	<u>7,915.83</u>
AIR SCIENCE USA, LLC 000025007	40581	WATER QUALITY SUPPLIES		779.00
	10/25/2017		1	<u>779.00</u>
AMERICAN RED CROSS 000025008	22053095	EE FIRST AID TRAINING		3,290.00
	10/25/2017		1	<u>3,290.00</u>
APOLLO PRINTING & GRAPHICS 000024871	232257	PRINTING - BUSINESS CARDS		1,034.40
	10/12/2017		1	<u>1,034.40</u>
AT&T MOBILITY 000024873	87023041770X09282017	WIRELESS COMM 08/21-09/20		1,077.30
	10/12/2017		1	<u>1,077.30</u>
B & W COMMUNICATIONS 000024816	17-200243	VEHICLE RADIO INSTALLATION		1,508.50
	10/5/2017		1	<u>1,508.50</u>
BARTEL & ASSOCIATES LLC 000024934	17-711	ONGOING WORK ON OPEB VALUATION		259.00
	10/18/2017		1	<u>259.00</u>
BEN'S ASPHALT 000024853	16877	PP 3 ON CALL PAVING		12,885.00
000024853	16876	PP 2 ON CALL PAVING		14,965.00
000024853	16875	PP 4 ON CALL PAVING		14,075.00
000024853	16872	PP 5 ON CALL PAVING		10,316.00
000024853	16851	PP 1 ON CALL PAVING		9,557.00
	10/12/2017		1	<u>61,798.00</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
BOWIE, ARNESON, WILES & GIANNONE 000025012	39235	LEGAL SERVICES- SEPT 2017		1,518.00
000025012	39233	LEGAL SERVICES- SEPT 2017		8,832.40
000025012	39234	LEGAL SERVICES- SEPT 2017		9,352.00
10/25/2017			1	19,702.40
BSI EHS SERVICES AND SOLUTIONS 000024874	42978	PP 67 SAFETY/ENVRON OUTSOURCE		13,555.00
10/12/2017			1	13,555.00
CALIFORNIA ADVOCATES INC. 000024935	101745	OCT 2017 PROFESSIONAL		7,000.00
10/18/2017			1	7,000.00
CANON FINANCIAL SERVICES, INC. 000024936	17635916	PRINTER EQP LEASE/USAGE 08/17		11,954.73
000024936	17742826	PRINTER EQP LEASE/USAGE 09/17		4,429.50
10/18/2017			1	16,384.23
CARDQUEST 000024938	100855	ID CARD PRINTER SUPPLIES		257.00
10/18/2017			1	257.00
COOPERATIVE PERSONNEL SERVICES 000024940	SOP45045	HR EXAM - DEP ASSIST		401.35
10/18/2017			1	401.35
DAVID KAWASHIMA 000024820	17276	PHOTOGRAPHY SERVICES-WTR		323.25
10/5/2017			1	323.25
DUDEK 000024942	20175217	PP 14 WELL 8 DEMOLITION		891.38
10/18/2017			1	891.38
EAGLE RECOGNITION 000024822	0712479-IN	RIBBONS		17.31
10/5/2017			1	17.31

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
EAN SERVICES LLC 000024880	14880822	CAR RENTAL		52.60
	10/12/2017		1	<u>52.60</u>
EASI FILE CORPORATION 000025015	83519	24" EASI FILE HANGER		172.45
	10/25/2017		1	<u>172.45</u>
EWING IRRIGATION 000024943	4139963	IRRIGATION SUPPLIES		46.06
	10/18/2017		1	<u>46.06</u>
FRASER COMMUNICATIONS 000024882	17627	2017 RATE INCREASE CAMPAIGN		13,820.78
000024882	17650	2017 SOCIAL MEDIA RESEARCH		8,467.50
000024882	17651	2017 SOCIAL MEDIA RESEARCH		3,000.00
	10/12/2017		1	<u>25,288.28</u>
FRONTIER COMMUNICATIONS 000025021	17945OCT17	DDS LINE 10/13-11/12		108.78
	10/25/2017		1	<u>108.78</u>
FULL CIRCLE RECYCLING 000024884	18649	SEPTEMBER PAPER RECYCLING		89.00
	10/12/2017		1	<u>89.00</u>
GERARD SIGNS & GRAPHICS INC 000024824	22030	WTR VENDING MACHINE EVENT		2,523.22
000024824	22034	WTR VENDING MACHINE SIDE		608.90
	10/5/2017		1	<u>3,132.12</u>
HARBOR MESA LIONS CLUB 000024946	917104	QUARTERLY DUES - Q1/Q2 FY18 ST		85.00
	10/18/2017		1	<u>85.00</u>
HDR ENGINEERING INC 000024948	1200074657	PP 1 PIPELINE INTEGRITY TEST		7,329.00
	10/18/2017		1	<u>7,329.00</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
I LAND INTERNET SOLUTIONS CORP 000024951	421792	CLOUD BACKUP 06/18 - 08/18		463.74
10/18/2017			1	463.74
INFOSEND INC 000025024	126865	MONTHLY MAINTENANCE FEE		2,951.19
000025024	124950	CUSTOMER BILLING SERVICE		1,677.71
000025024	125915	CUSTOMER BILLING SERVICE		1,963.07
000025024	126132	CUSTOMER BILLING SERVICE		2,317.92
000025024	126982	CUSTOMER BILLING SERVICE		2,047.77
000025024	125503	CUSTOMER BILLING SERVICE		1,480.88
000025024	126344	CUSTOMER BILLING SERVICE		1,620.46
10/25/2017			1	14,059.00
INSIGHT PUBLIC SECTOR 000024952	1100561470	20-APC BATTERIES		3,869.09
000024952	1100559864	8 - REPLACEMENT APC BATTERIES		3,425.29
10/18/2017			1	7,294.38
JOHN ROBINSON CONSULTING, INC. 000024954	MW201502-24	PP 24 WATER RESOURCES		2,500.00
10/18/2017			1	2,500.00
KLEEN KRAFT SERVICES 000024895	0943910	UNIFORMS, MATS & TOWELS		224.98
000024895	0943261	UNIFORMS, MATS & TOWELS		224.98
000025029	0944567	UNIFORMS, MATS & TOWELS		230.38
000025029	0945215	UNIFORMS, MATS & TOWELS		230.38
10/25/2017			2	910.72
LA CONSULTING INC 000024955	0014417	PP 39 BUS PROCESS IMPLEMENTATN		2,456.50
000024955	0014395	PP 38 BUS PROCESS IMPLEMENTATN		1,556.50
000024955	0014389	CMMS ANNUAL SUPPORT		1,260.40
10/18/2017			1	5,273.40

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
LANDS' END BUSINESS OUTFITTERS 000025030	SIN5444468	MWD EMBROIDERED POLO SHIRT		103.58
10/25/2017			1	103.58
LIEBERT CASSIDY WHITMORE 000025032	1448750	PROFESSIONAL SERVICES 09/2017		1,743.00
10/25/2017			1	1,743.00
LIFECOM, INC. 000024956	2079706-IN	SERVICE & CALIBRATION RKI EAG		65.00
000024956	2079708-IN	SERVICE & CALIBRATION RKI EAG		65.00
000024956	2079707-IN	SERVICE & CALIBRATION RKI EAG		65.00
000025033	2079831-IN	SERVICE & CALIBRATION RKI EAG		632.96
000025033	2079829-IN	SERVICE & CALIBRATION RKI GX		328.57
000025033	2079822-IN	SERVICE & CALIBRATION RKI EAG		65.00
10/25/2017			2	1,221.53
MAILFINANCE 000025034	N6712512	MAIL EQUIPMNT-QTRLY LEASE 9-12		603.59
10/25/2017			1	603.59
MORAN CONSULTING, INC. 000024898	3201	BOARD PRESENTATION SUPPORT		1,259.25
10/12/2017			1	1,259.25
MOUSE GRAPHICS 000024831	414341	PRINTING - WTR VENDING EVENT		364.73
10/5/2017			1	364.73
MYERS & SONS HI-WAY SAFETY INC 000024957	65554	SAFETY SIGNS		522.59
10/18/2017			1	522.59
NEXTDAY DELIVERY SERVICE, LLC 000024959	723490	MAIL DELIVERY SERVICE		522.00
10/18/2017			1	522.00

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
NOACK AWARDS & ENGRAVING INC 000024900	23352	MAGNETIC NAME BADGES		21.55
000024900	23352A	PLATES		12.93
10/12/2017			1	34.48
NOVATIME TECHNOLOGY INC 000024901	PSI076335	MONTHLY FEE - TIME CARDS NT		180.25
10/12/2017			1	180.25
ORANGE COUNTY BUSINESS COUNCIL 000024833	0008816-IN	2018 MEMBERSHIP RENEWAL		5,000.00
10/5/2017			1	5,000.00
ORANGE COUNTY TREASURER - TAX 000025048	422-301-03-1-FY18	FY18 PROP TAX OCSD SEWER FEE		1,449.77
000025049	140-041-57-1-FY18	FY18 PROP TAX OCSD SEWER FEE		165.50
000025050	415-014-03-1-FY18	FY18 PROP TAX 4011 CHANDLER		8,911.62
10/25/2017			3	10,526.89
ORANGE COAST TRAILER 000024836	035802	TRAILER PARTS		403.29
10/5/2017			1	403.29
OFFICIAL PAYMENTS CORPORATION 000024961	3945821	ONLINE PAYMENTS MAINT FEE		150.00
*****			1	150.00
O'NEIL STORAGE #0481 000024962	1709063	FILE STORAGE - SEPT 2017		307.09
10/18/2017			1	307.09
U.S. BANK PARS ACCOUNT #6746019200 0140469	10192017	CONTRIBUTION 4 OF 12		1,000,000.00
10/19/2017			1	1,000,000.00
PAULINE'S PROFESSIONAL POTPOURRI 000024963	171001-MWS	PROMO ITEMS - SHOWER TIMER		3,851.35
10/18/2017			1	3,851.35

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
PETE'S ROAD SERVICE 000024903	162584-00	TIRE INSTALLATION, UNIT 100		371.71
000024903	155309-00	TIRE INSTALLATION, UNITS 65&67		409.41
10/12/2017			1	781.12
PROCARE WORK INJURY CENTER (DBA) 000024906	222261	DOT - PHYSICAL EXAMS		240.00
10/12/2017			1	240.00
RAFTELIS FINANCIAL CONSULTANTS 000024840	MSCA1612-01.	MESA COST COMPARISON STUDY		5,165.00
000024965	MSCA1707-03.	COST OF SRVC RATE STUDY 09/17		8,168.59
10/18/2017			2	13,333.59
RAYNE WATER SYSTEMS 000024966	30486OCT17	SOFT WATER SERVICE - OCT 2017		37.55
10/18/2017			1	37.55
RC FOSTER CORPORATION 000024803	2	PP 2 WELL 8 DEMOLITION		158,087.82
10/5/2017			1	158,087.82
RICHMOND AMERICAN HOMES OF MD 000024989	917476	REFUND FOR PROJECT C2126		51,795.44
10/25/2017			1	51,795.44
SENTRIC INC 0140335	523382	PAYROLL PROCESSING FEE 10/4/17		330.60
0140402	524779	PAYROLL PROCESSING FEE 10/18		503.80
10/18/2017			2	834.40
STAFFING SOLUTIONS 000025041	23349	PA TEMPORARY LABOR - WE 09/03		104.65
10/25/2017			1	104.65

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
STEVE GIRAUD PHOTOGRAPHY INC 000024912	1892	PHOTOGRAPHY		175.00
000024973	1908	PHOTO PRINTS		21.55
000024973	1907	PHOTO PRINTS		172.40
10/18/2017			2	368.95
SUBBURBAN MAPLELAWN, LLC 000024844	C2083	PERFORMANCE BOND RELEASE		3,000.00
10/5/2017			1	3,000.00
T2 TECHNOLOGY GROUP, LLC 000024913	3353	IS OPERATIONS SUPPORT 09/17		34,815.00
10/12/2017			1	34,815.00
THEODORE ROBINS FORD 000025043	191790	AUTO REPAIRS/MAINTENANCE #42		581.23
000025043	191940	AUTO REPAIRS/MAINTENANCE #54		555.98
000025043	191931	AUTO REPAIRS/MAINTENANCE #53		68.48
000025043	192671	AUTO REPAIRS/MAINTENANCE #25		1,577.14
000025043	193823	AUTO REPAIRS/MAINTENANCE #52		348.87
000025043	193442	AUTO REPAIRS/MAINTENANCE #51		1,630.55
000025043	192998	AUTO REPAIRS/MAINTENANCE #52		1,374.28
000025043	193804	AUTO REPAIRS/MAINTENANCE #25		133.16
000025043	193692	AUTO REPAIRS/MAINTENANCE #15		393.34
000025043	193492	AUTO REPAIRS/MAINTENANCE #23		554.92
000025043	193491	AUTO REPAIRS/MAINTENANCE #14		554.92
10/25/2017			1	7,772.87
TIME WARNER CABLE 000024914	12943SEP17	BOARD RM NET/CABLE 09/25-10/24		349.38
000025044	48224NOV17	DISTRICT INTERNET -10/19-11/18		1,715.00
000025044	79649NOV17	MWRF INTERNET 10/18-11/17		187.38
10/25/2017			2	2,251.76
TOTAL FUNDS BY HASLER 000024915	5780SEP17	POSTAGE - SEP 2017		500.00
10/12/2017			1	500.00

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
UNIVERSAL WASTE SYSTEM INC 000024919	29078	WASTE REMOVAL - OCT 2017		87.00
10/12/2017			1	<u>87.00</u>
UNUM 000024978	04205610013NOV17	LIFE INSURANCE - NOV 2017		125.87
000024978	04205600016NOV17	LIFE INSURANCE - NOV 2017		2,274.86
10/18/2017			1	<u>2,400.73</u>
VERIZON WIRELESS 000024845	9792889112	MOBILE INTERNET 08/17-09/16		2,151.38
10/5/2017			1	<u>2,151.38</u>
WASTE MANAGEMENT OF OC 000024848	0360690-2884-7	CONTAINER RENTAL - OCT 2017		721.86
000024923	7933633-0149-0	CONTAINER RENTAL - SEP 2017		360.00
000024981	793378-0149-3	ASBESTOS CONTAINER PICKUP		886.25
10/18/2017			3	<u>1,968.11</u>
WE SAVE BEES 000024924	2987	BEE REMOVAL SERVICES		175.00
000025047	2976	BEE REMOVAL SERVICES		175.00
000025047	3065	BEE REMOVAL SERVICES		175.00
10/25/2017			2	<u>525.00</u>
WESTERN EXTERMINATOR COMPANY 000024983	5467097	PEST CONTROL - DISTRICT SEP 17		92.50
000024983	5497633	PEST CONTROL - MWRP SEP 17		92.50
10/18/2017			1	<u>185.00</u>
WHITE NELSON DIEHL EVANS LLP 000024925	174276	FY17 FINANCIAL AUDIT SERVICES		2,900.00
000024985	917148	2017 GOV'T TAX SEMINAR		395.00
10/18/2017			2	<u>3,295.00</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
WISMER ARCHITECTS, INC 000024850	915327	REFUND FOR PROJECT C2210	1	197.43
10/5/2017				197.43
YORKE ENGINEERING, LLC 000024986	14336	PP 3 AQ & ES COMPLIANCE ASSIST	1	2,286.50
10/18/2017				2,286.50
ZUNO ENTERPRISES, INC 000024851	1802	PP 21 WEBSITE REDESIGN	1	2,340.00
10/5/2017				2,340.00
TOTAL GENERAL AND ADMINISTRATIVE			123	1,551,076.59

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
RETIREE CHECKS				
ALAN COOK 000024812	915421OCT2017	OCT 2017 INSURANCE SUBSIDY		111.92
10/5/2017			1	111.92
ALAN JONES 000024813	915423OCT2017	OCT 2017 INSURANCE SUBSIDY		64.00
10/5/2017			1	64.00
BRIAN HUNT 000024817	915422OCT2017	OCT 2017 INSURANCE SUBSIDY		11.29
10/5/2017			1	11.29
COLEEN L MONTELEONE 000024819	915431OCT2017	OCT 2017 INSURANCE SUBSIDY		233.09
10/5/2017			1	233.09
DIANA LEACH 000024821	915425OCT2017	OCT 2017 INSURANCE SUBSIDY		271.92
10/5/2017			1	271.92
PATTI REYNOLDS 000024837	915427OCT2017	OCT 2017 INSURANCE SUBSIDY		12.92
10/5/2017			1	12.92
SCOTT PECA 000024842	915426OCT2017	OCT 2017 INSURANCE SUBSIDY		128.40
10/5/2017			1	128.40
STAN KENNEDY 000024843	915424OCT2017	OCT 2017 INSURANCE SUBSIDY		111.92
10/5/2017			1	111.92
TOTAL RETIREE CHECKS			8	945.46

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
CHECK SIGNATURE EXEMPT				
SOUTHERN CALIFORNIA EDISON CO 000024855	2236281499SEP17A	ELECTRICITY - SEPTEMBER 2017		91,052.70
000024855	2236281499JUL17C	ELECTRICITY - JULY 2017		8.19
000024855	2236281499AUG17B	ELECTRICITY - AUGUST 2017		20,287.67
10/12/2017			1	111,348.56
TOTAL CHECK SIGNATURE EXEMPT			1	111,348.56

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
WATER SUPPLY				
AIRGAS USA LLC 000024931	9948412952	CYLINDER RENTAL		84.20
10/18/2017			1	<u>84.20</u>
AUTOMOBILE CLUB OF SOUTHERN 000024815	OCT17LEASE	WELL 8 LAND LEASE - OCT 2018		6,541.61
10/5/2017			1	<u>6,541.61</u>
EUROFINS EATON ANALYTICAL 000025016	C0001452	WATER QUALITY LAB SRVCS-9/17		2,759.00
10/25/2017			1	<u>2,759.00</u>
HARRINGTON INDUSTRIAL PLASTICS 000024888	002L0152	PVC PIPES AND SUPPLIES		394.31
000024888	002L0691	PVC PIPES AND SUPPLIES		1,460.36
10/12/2017			1	<u>1,854.67</u>
HILL BROTHERS CHEMICAL CO. 000024826	07026927	AMMONIA		4,690.00
000024889	07027198	AMMONIA		341.21
10/12/2017			2	<u>5,031.21</u>
MUNICIPAL WATER DISTRICT OF OC 000024832	15848	WATER LOSS CONTROL SERVICES		2,500.00
000024926	9305	AUGUST WATER DELIVERY		806,438.20
0140471	15862	FY2017/18 CHOICE PROGRAMS		30,477.43
10/12/2017			3	<u>839,415.63</u>
NALCO COMPANY 000024958	105590	MWRF GARDEN SUPPLIES		414.00
10/18/2017			1	<u>414.00</u>
PACIFIC HYDROTECH CORPORATION 000024928	13	WELL AUTOMATION & REHAB		255,266.77
0140182	12RET	WELL AUTOMATION & REHAB		25,442.68
10/9/2017			2	<u>280,709.45</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
SEPARATION PROCESSES, INC 000024910	8805	MWRF SUPPORT SERVICES		4,743.04
10/12/2017			1	4,743.04
UNIVAR USA, INC. 000024918	LA580053	SOD HYPO		640.94
000024918	LA580045	CAUSTIC SODA		1,560.00
000024977	LA581888	SOD HYPO		5,129.63
10/18/2017			2	7,330.57
UNITED WATERWORKS INC. 000024920	S100057826.003	WATER OPS PARTS		4,318.30
000024920	S100058192.001	WATER OPS PARTS		3,595.74
000024920	S100057826.002	WATER OPS PARTS		412.43
000024920	S100058207.001	WATER OPS PARTS		1,066.73
000024920	S100057826.001	WATER OPS PARTS		1,416.26
10/12/2017			1	10,809.46
TOTAL WATER SUPPLY			16	1,159,692.84

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
WATER SYSTEM				
ARMORCAST PRODUCTS CO 000025009	0188126-IN	48-METER BOXES AND PARTS		3,813.19
10/25/2017			1	3,813.19
CRANEVEYOR CORP 000024877	42375	CRANE REPAIR		832.15
10/12/2017			1	832.15
C. WELLS PIPELINE MATERIALS 000024878	INV000057296	WATER OPS PARTS		3,662.43
10/12/2017			1	3,662.43
EXPRESS PIPE & SUPPLY CO. INC 000024823	S102757823.001	WATER OPS SUPPLIES		8.73
000025017	S102916379.001	WATER OPS SUPPLIES		93.86
000025017	S102508599.003	WATER OPS SUPPLIES		120.23
000025017	S102528102.001	WATER OPS SUPPLIES		113.56
10/25/2017			2	336.38
GOLDEN BELL PRODUCTS 000024944	16106	ASPHALT CLEANER		280.15
10/18/2017			1	280.15
GOLDEN METERS SERVICE 000024945	993	METER TEST & REPAIR		5,455.78
10/18/2017			1	5,455.78
HD SUPPLY WATERWORKS 000024949	H872938	WATER OPS PARTS		1,287.44
10/18/2017			1	1,287.44
IRVINE PIPE & SUPPLY 000024953	863363	PIPE FITTINGS AND SUPPLIES		171.11
000025025	863809	PIPE FITTINGS AND SUPPLIES		137.32
000025025	864215	PIPE FITTINGS AND SUPPLIES		74.79
10/25/2017			2	383.22

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
LARRY'S BUILDING MATERIALS 000024896	CM-108375	BUILDING MATERIALS		59.80
000024896	CM-108136A	BUILDING MATERIALS		2.00
000024896	CM-108408	BUILDING MATERIALS		59.80
000025031	CM-108641	BUILDING MATERIALS		29.90
	10/25/2017		2	151.50
MAURER MARINE 000025035	34165	ZODIAK 270 ROLL UP 8' 10" BOAT		856.61
	10/25/2017		1	856.61
PRAXAIR DISTRIBUTION, INC. 000024904	79238021	WELDING SUPPLIES		169.62
	10/12/2017		1	169.62
PRAXAIR 000024905	79141300	CARBON DIOXIDE TANK RENTAL		1,967.52
000024905	79126084	CARBON DIOXIDE		2,774.35
000024964	79233059	CARBON DIOXIDE		2,827.43
000025039	79321135	CARBON DIOXIDE		2,538.49
	10/25/2017		3	10,107.79
ROSEMOUNT INC. 000024969	71161468	INLINE PRESSURE TRANSMITTER		4,053.29
	10/18/2017		1	4,053.29
SOUTH COAST A.Q.M.D. 000024970	3168603	WELL 7 RENEWAL FEES		756.56
	10/18/2017		1	756.56
TRUESDAIL LABORATORIES INC 000024916	1704497	WELL 5 AMMONIA SCRUBBER		27.00
000024974	1704619	WELL 7 WELL SAMPLES		66.00
	10/18/2017		2	93.00
UNDERGROUND SERVICE ALERT/SC 000024917	920170422	DIGALERT 308		518.20
	10/12/2017		1	518.20

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
VULCAN MATERIALS				
000024847	71597249	PAVING SUPPLIES		200.95
000024847	71594947	PAVING SUPPLIES		155.91
000024922	71607766	PAVING SUPPLIES		153.66
000024922	71607767	PAVING SUPPLIES		275.84
000024980	71611944	PAVING SUPPLIES		118.47
000024980	71611943	PAVING SUPPLIES		154.42
000025046	71614846	PAVING SUPPLIES		83.27
000025046	71622510	PAVING SUPPLIES		117.72
	10/25/2017		4	1,260.24
WEST COAST SAND & GRAVEL				
000024849	1273973	FILL SAND		399.21
000024984	1279632	FILL SAND		735.39
	10/18/2017		2	1,134.60
TOTAL WATER SYSTEM			28	35,152.15

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
VARIOUS				
AT&T 000024988	000010314668	ACCT#9391061444 - SEPT 2017		55.45
000024988	000010313809	DISTRICT INTERNET SEPT 2017		1,743.80
	10/18/2017		1	1,799.25
AT&T 000024814	8274SEP17	949-722-8274 09/08-10/07		68.07
000024872	0779APR17	339-263-0779 04/01-04/30		4,452.43
000024872	0779MAY17	339-263-0779 05/01-05/31		1,590.16
000024872	9337SEP17	714-435-9337 09/20-10/19		1,014.12
000024933	4054001SEP17	ACCT#0302034054001 SEPT 2017		0.69
000024933	8315SEP17	714-241-8315 09/25-10/24		381.47
000024933	3044OCT17	949-574-3044 10/1-10/31		1,597.74
000024933	8883OCT17	949-631-8883 10/1-10/31		134.58
000024933	0926OCT17	949-650-0926 10/01-10/31		601.39
000024933	0779OCT17	339-263-0779 10/01-10/30		1,671.85
000024933	3066OCT17	DIST FAX 960-350-3066 OCT 17		3,678.88
000025010	8274OCT17	949-722-8274 10/08-11/07		68.26
	10/25/2017		4	15,259.64
CAROUSEL INDUSTRIES NORTH AMERICA 000024875	2098479R	PHONE CONTACT CENTER SETUP		6,145.92
000024937	2128804H0917	SEPT 2017 LOCATION PHN SERVICE		4,318.78
	10/18/2017		2	10,464.70
CROWN ACE HARDWARE 000024941	045436	SUPPLIES		5.38
000025013	045508	SUPPLIES		20.61
000025013	045517	SUPPLIES		5.38
000025013	045503	SUPPLIES		20.45
	10/25/2017		2	51.82
DION & SONS, INC 000024879	684999	GASOLINE FUEL		7,871.48
000024879	684997	DIESEL FUEL		2,523.41
	10/12/2017		1	10,394.89

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
FEDERAL EXPRESS CORPORATION 000025019	596042111	MISC SHIPPING		40.70
10/25/2017			1	40.70
GRAINGER 000024886	9565279560	SAFETY TOOLS & EQUIPMENT		505.74
000025022	9578693765	SAFETY TOOLS & EQUIPMENT		3,553.60
000025022	9574720083	SAFETY TOOLS & EQUIPMENT		343.98
10/25/2017			2	4,403.32
HACH COMPANY 000024887	10644018	WATER QUALITY SUPPLIES		124.45
000024887	10640346	WATER QUALITY SUPPLIES		952.11
000024887	10646968	WATER QUALITY SUPPLIES		414.67
10/12/2017			1	1,491.23
HASHTAG PINPOINT 000024947	1126	SOCIAL ADVOCACY SERVICES		5,000.00
10/18/2017			1	5,000.00
THE HOME DEPOT COMMERCIAL ACCT 000024890	2572995	SUPPLIES		92.72
000024890	8582916	SUPPLIES		152.61
000024890	1013001	SUPPLIES		354.50
000024890	9013138	SUPPLIES		20.33
000024890	8063361	SUPPLIES		52.97
10/12/2017			1	673.13
THE HOWARD E NYHART CO. INC. 000024950	0133646	GASB 68 REPORT CONSULTING		1,500.00
10/18/2017			1	1,500.00
INDEPENDENT STATIONERS 000024891	S100248060	OFFICE SUPPLIES		173.15
000024891	S100249048	OFFICE SUPPLIES		411.37
000025023	SI00248841	OFFICE SUPPLIES		317.47
10/25/2017			2	901.99

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
LEWIS CONSULTING GROUP 000024829	2017-150	GOV'T RELATIONS SERVICES		4,000.00
10/5/2017			1	<u>4,000.00</u>
MEYERS NAVE 000024854	2017080564	MATTER 1893-003 LEGAL SRV 9/17		12,669.77
000024854	2017070128	MATTER 1893-003 LEGAL SRV 8/17		17,087.06
000024854	2017060096	MATTER 1893-003 LEGAL SRV 7/17		25,770.86
10/12/2017			1	<u>55,527.69</u>
NORTHERN SAFETY CO INC 000025036	902645934	SAFETY SUPPLIES		433.21
10/25/2017			1	<u>433.21</u>
ORANGE COUNTY WATER DISTRICT 0140470	18013	AUGUST GAP WATER		108,065.34
10/11/2017			1	<u>108,065.34</u>
PREMIERE VALET SERVICE 000024839	15230	EVENT VALET PARKING		695.00
10/5/2017			1	<u>695.00</u>
REMX 000024841	8402953105	PA TEMPORARY LABOR - WE 09/17		231.12
000024907	8402975960	PA TEMPORARY LABOR - WE 09/24		1,155.60
000024968	8402987881	PA TEMPORARY LABOR - WE 10/01		864.00
000025040	8403010669	PA TEMPORARY LABOR - WE 10/08		1,080.00
000025040	8403027894	PA TEMPORARY LABOR - WE 10/15		864.00
10/25/2017			4	<u>4,194.72</u>
SOUTHERN CALIFORNIA GAS CO 000024908	05060829008SEP17	WELL 5, SEP 17 09/01-09/30		4,760.44
10/12/2017			1	<u>4,760.44</u>
SCANDOC IMAGING INC. 000024909	MW-100517	DOCUMENT CONVERSION & ARCHIVE		1,475.39
10/12/2017			1	<u>1,475.39</u>

ACCOUNTS PAID LISTING

FROM 10/01/2017 TO 10/31/2017

VENDOR CHECK NUMBER	INVOICE NUMBER	DESCRIPTION	CHECK COUNT	AMOUNT
SHERWIN WILLIAMS COMPANY 000024972	1995-9	PAINTING SUPPLIES	1	174.26
10/18/2017				174.26
T4CI MAVENS NOTEBOOK 000024987	917097	SPONSORSHIP- CAL WATER	1	1,000.00
10/18/2017				1,000.00
TYCO INTEGRATED SECURITY 000024975	10413404	QUARTERLY SECURITY SERVICE	1	6,924.06
10/18/2017				6,924.06
VALLEY POWER 000024921	B38985	SERVICE/REPAIR - WELL 5 WA ENG	1	3,055.04
10/12/2017				3,055.04
TOTAL VARIOUS			34	242,285.82
GRAND TOTAL			265	3,653,811.34



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MEMORANDUM

TO: Finance Committee
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 20, 2017
SUBJECT: Monthly Financial Reports

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

Staff will provide updated monthly financial reports at the Finance Committee meeting.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

**MESA WATER DISTRICT
FINANCE COMMITTEE**

Major Staff Projects

Title	Comments	Status
2017 COPs Trust	Additional Reimbursements Ongoing	In Process
Financial Statement Audit	Field Work Complete Draft CAFR being prepared	In Process



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MEMORANDUM

TO: Finance Committee
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 20, 2017
SUBJECT: Fiscal Year Annual Reimbursement Report

RECOMMENDATION

Receive and file the Fiscal Year 2017 Annual Reimbursement Report (CA Government Code 53065.5) for the period of July 1, 2016 through June 30, 2017.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

California Government Code Section 53065.5 requires all Special Districts to disclose any reimbursements of one hundred dollars (\$100) or more for each individual charge for services or products received paid to Board members and staff within the preceding fiscal year. The individual charge can include, but is not limited to: tuition, certification or license reimbursement; meals, lodging, and transportation reimbursement; or registration fees reimbursement. The disclosure requirement is fulfilled by including the reimbursement information in a document published or printed at least annually and shall be made available for public inspection.

Staff has reviewed all Director and employee reimbursements for the time period of July 1, 2016 through June 30, 2017 (Fiscal Year 2017) and has identified those reimbursements where a single item met or exceeded the \$100 threshold. The annual reimbursement report is attached.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Fiscal Year 2017 Annual Reimbursement Report

Mesa Water District
 FY17 Annual Reimbursement Report (CA Gov't Code Section 53065.5)
 Individual Charges of At Least \$100

Name	Date	Amount	Business Purpose
Epuni Hinnebusch	07/06/16	\$267.66	Education Reimbursement
James Atkinson	07/19/16	\$290.58	Conference Reimbursement
Paul Shoenberger	07/27/16	\$528.96	Conference Reimbursement
Dustin Burnside	08/01/16	\$356.28	Education Reimbursement
Justin Finch	08/01/16	\$113.37	Employee Expense Reimbursement
Stacie Sheek	08/01/16	\$874.01	Education Reimbursement
Bob Mitchell	08/02/16	\$336.16	Education Reimbursement
Detlef Goris	08/10/16	\$260.00	Employee Expense Reimbursement
Justin Finch	08/15/16	\$200.00	Safety Footwear
Dustin Burnside	08/22/16	\$200.00	Safety Footwear
Bob Mitchell	08/24/16	\$197.85	Education Reimbursement
Paul Shoenberger	08/26/16	\$559.19	Conference Reimbursement
Stacy Taylor	09/01/16	\$113.00	Employee Expense Reimbursement
Coleman Lepage	09/13/16	\$120.00	Certificate Reimbursement
Coleman Lepage	09/14/16	\$260.00	Education Reimbursement
Ryan Graff	09/14/16	\$1,400.26	Education Reimbursement
Coleman Lepage	09/15/16	\$200.00	Certificate Reimbursement
James Fidler	09/16/16	\$149.04	Director-Expense Reimbursement
Ethan Temianka	09/19/16	\$824.90	Conference Reimbursement
James Atkinson	09/21/16	\$444.80	Conference Reimbursement
Brett Rinella	09/26/16	\$180.00	Certificate Reimbursement
Brett Rinella	09/27/16	\$271.00	Certificate Reimbursement
Ed Nunez	09/27/16	\$120.00	Certificate Reimbursement
Bob Mitchell	09/30/16	\$578.06	Education Reimbursement
Paul Shoenberger	10/06/16	\$511.96	Conference Reimbursement
Justin Finch	10/07/16	\$240.59	Conference Reimbursement
Bob Mitchell	10/10/16	\$186.24	Conference Reimbursement
Dustin Burnside	10/10/16	\$119.71	Conference Reimbursement
Shawn Dewane	10/24/16	\$107.53	Director-Expense Reimbursement
Shawn Dewane	10/25/16	\$1,212.24	Director-Expense Reimbursement
Stacie Sheek	10/25/16	\$1,227.35	Education Reimbursement
Karyn Igar	10/27/16	\$155.58	Conference Reimbursement
Darryl Hopkins	11/02/16	\$330.76	Employee Expense Reimbursement
Ethan Temianka	11/03/16	\$419.94	Director-Expense Reimbursement
Stephen Hershey	11/03/16	\$326.82	Education Reimbursement
Dustin Burnside	11/09/16	\$100.00	Certificate Reimbursement
Kaying Lee	11/09/16	\$300.00	Certificate Reimbursement
Tracy Manning	11/09/16	\$500.00	Certificate Reimbursement
Kaying Lee	11/18/16	\$635.82	Conference Reimbursement
Paul Shoenberger	11/28/16	\$490.96	Employee Expense Reimbursement
Ryan Graff	11/28/16	\$1,584.31	Education Reimbursement
James Fidler	11/30/16	\$538.01	Director-Expense Reimbursement
Tim Beaman	12/15/16	\$469.95	Education Reimbursement

Mesa Water District
 FY17 Annual Reimbursement Report (CA Gov't Code Section 53065.5)
 Individual Charges of At Least \$100

Name	Date	Amount	Business Purpose
James Fisler	12/19/16	\$141.38	Director-Expense Reimbursement
Ethan Temianka	12/20/16	\$877.83	Director-Expense Reimbursement
Ethan Temianka	12/21/16	\$103.24	Conference Reimbursement
Tim Beaman	12/27/16	\$340.00	Education Reimbursement
Lauryn Dickinson	01/03/17	\$234.98	Education Reimbursement
Stacie Sheek	01/09/17	\$1,073.78	Education Reimbursement
Stryder Huff	01/17/17	\$116.68	Education Reimbursement
Karyn Igar	01/19/17	\$145.81	Education Reimbursement
Kaying Lee	01/23/17	\$105.00	Certificate Reimbursement
Dustin Burnside	01/27/17	\$390.15	Education Reimbursement
Ryan Graff	02/03/17	\$1,375.90	Education Reimbursement
Ethan Temianka	02/08/17	\$122.92	Conference Reimbursement
Paul Shoenberger	02/13/17	\$534.88	Employee Expense Reimbursement
Epuni Hinnebusch	02/28/17	\$198.00	Education Reimbursement
Ethan Temianka	03/08/17	\$141.89	Conference Reimbursement
Dustin Burnside	03/14/17	\$205.00	Certificate Reimbursement
Noelle Collins	03/22/17	\$246.17	Conference Reimbursement
Karyn Igar	03/27/17	\$157.01	Conference Reimbursement
Ryan Graff	03/27/17	\$1,288.34	Education Reimbursement
Fred Bockmiller	03/31/17	\$325.07	Director-Expense Reimbursement
James Fisler	04/14/17	\$123.08	Director-Expense Reimbursement
Kaying Lee	05/01/17	\$180.00	Education Reimbursement
Ryan Graff	05/02/17	\$1,742.75	Education Reimbursement
Tim Beaman	05/02/17	\$128.21	Education Reimbursement
Tracy Manning	05/04/17	\$658.95	Conference Reimbursement
Kaying Lee	05/05/17	\$271.00	Certificate Reimbursement
Scott Sullivan	05/10/17	\$572.64	Conference Reimbursement
Stacie Sheek	05/15/17	\$974.28	Education Reimbursement
Stacie Sheek	05/15/17	\$994.09	Education Reimbursement
Fred Bockmiller	05/16/17	\$400.35	Conference Reimbursement
Tracy Manning	05/22/17	\$150.85	Safety Footwear
Fred Bockmiller	05/31/17	\$104.03	Director-Expense Reimbursement
James Atkinson	06/01/17	\$690.20	Conference Reimbursement
Paul Shoenberger	06/07/17	\$2,295.56	Conference Reimbursement
Ethan Temianka	06/09/17	\$169.20	Conference Reimbursement
Phil Lauri	06/20/17	\$1,292.59	Conference Reimbursement
Ryan Graff	06/20/17	\$1,490.56	Education Reimbursement
Kevin Hanson	06/28/17	\$200.00	Safety Footwear
Bob Mitchell	06/29/17	\$193.95	Safety Footwear
Stacie Sheek	06/29/17	\$900.51	Education Reimbursement
Michael Pineda	06/30/17	\$167.00	Safety Footwear
		\$40,126.72	



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MEMORANDUM

TO: Finance Committee
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 20, 2017
SUBJECT: Surplus Property

RECOMMENDATION

Recommend the Board of Directors declare the following list of items as surplus and authorize the General Manager to dispose of the items within the established rules and regulations set forth by Resolution No. 1463, Disposal of Surplus Property:

- L-shaped office desk with 3 drawers – 1 quantity
- Office desk with 3 drawers – 2 quantity
- Overhead cabinets – 16 quantity
- 2 door metal cabinet on wheels – 1 quantity
- Metal desk – 2 quantity
- L-shaped desk top extension – 1 quantity
- Cloth chairs – 15 quantity
- Large printer/plotters – 2 quantity
- Drafting Table – 1 quantity
- Credenza – 1 quantity
- Small office cabinet – 2 quantity
- Double wide by tall flip top standing cabinets – 2 quantity
- Unit 20 – 1994 Form F-150
- Printers – 4 quantity
- Laptops – 4 quantity
- iPad – 4 quantity
- iPhone – 3 quantity

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

Resolution No. 1463, adopted by the Board of Directors (Board) of Mesa Water District (Mesa Water®) in August 2015, updated the rules and regulations for the disposal of property that Mesa Water® determines as no longer necessary to carry out the powers and the purposes of the District to meet present or future needs. Further, Resolution No. 1463 requires all surplus personal property, regardless of the amount, to be approved by the Board prior to disposition.

The resolution also specifies that the General Manager, acting in the best interest of the District, may use any of the prescribed methods approved by the Board for disposal of the assets.



DISCUSSION

This document serves as the written report of the disposal of Surplus Personal Property, including the manner of disposal utilized, which is provided to the Board prior to disposition.

All proposed surplus items were either expensed at the time of purchase or have no undepreciated book value.

“Disposal by Auction” has been chosen as the method to dispose of the above mentioned office furniture items.

Unit 20 – 1994 Ford F-150

Unit 20 is twenty-three (23) years old and is assigned to Facilities. This unit currently has 103,000 miles. The original acquisition cost was \$14,262.

“Disposal by Remarketing Service Provider” has been chosen as the method to dispose of the above mentioned 1994 Ford F-150.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.



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MEMORANDUM

TO: Finance Committee
FROM: Marwan Khalifa, CPA, MBA Chief Financial Officer
DATE: November 20, 2017
SUBJECT: Statement of Investment Policy

RECOMMENDATION

Recommend that the Board of Directors adopt Resolution No. XXXX Delegating Authority Relative to Investment or Reinvestment of Funds, and Providing for a Revised Statement of Investment Policy, Rescinding Resolution No. 1431.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION

At its April 11, 2013 meeting, the Board of Directors (Board) adopted Resolution No. 1431. This resolution reauthorized Mesa Water District's (Mesa Water®) Statement of Investment Policy (SIP), in conformity with Section 53601, et. seq., of the Government Code of the State of California.

DISCUSSION

Section 53607 of the Government Code authorizes the Board of Mesa Water® to delegate such authority to its District Treasurer to invest, reinvest, sell, or exchange securities in accordance with the SIP.

Mesa Water has previously adopted Resolution No. 1431 which requires that the SIP be reviewed on an annual basis. The last review of this resolution was done on April 11, 2013. In the four year period since the last review, there have been minimal governmental code changes regarding the investment and reinvestment of funds.

Mesa Water staff, with the assistance of Legal Counsel, recommends the following updates be made to Resolution No. 1431:

- Legal updates reflecting change to Governmental Codes:
 - Revisions in Section 1 of the Resolution to clarify delegation to the District Treasurer; and reservation of the right by the Board to provide delegation in the future by way of resolution or motion;
 - Section 8.6 of the Policy: added in a "or equivalent" to reflect a statutory change;
 - Added new Section 8.13 (and renumbered thereafter) to allow for a new investment option, added to Section 53601; and
 - Section 8.14 (formerly Section 8.13): amended to reflect changes in the underlying statute.
- Formatting and grammatical updates



FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Resolution No. XXXX Delegating Authority Relative to Investment or Reinvestment of Funds, and Providing for a Revised Statement of Investment Policy, Rescinding Resolution No. 1431

Attachment B: Resolution No. 1431 Delegating Authority Relative to Investment or Reinvestment of Funds, and Providing for a Revised Statement of Investment Policy, Rescinding Resolution No. 1422, Redline

RESOLUTION NO. XXXX

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED STATEMENT OF INVESTMENT POLICY, RESCINDING RESOLUTION NO. 1431

WHEREAS, the Mesa Water District (Mesa Water®) is a county water district organized and operating pursuant to the provisions of State of California (State or California) law; and

WHEREAS, Mesa Water from time to time has money held by its District Treasurer not required for the immediate necessities of Mesa Water (investment portfolio) and is authorized by law including, but not by way of limitation, Section 53601, et. seq., of the Government Code of the State of California, to invest such money in the manner provided by law; and

WHEREAS, Section 53607 of the Government Code authorizes the Board of Directors of Mesa Water to delegate such authority to its District Treasurer to invest, reinvest, sell, or exchange securities until such time as this delegation of authority is revoked; and

WHEREAS, Mesa Water has previously adopted Resolution No. 1431, delegating authority relative to investment or reinvestment of funds and providing for a Statement of Investment Policy; and

WHEREAS, it is the desire of the Board of Directors of Mesa Water to renew the delegation of such authority and provide for a revised Statement of Investment Policy.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MESA WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. That the Board of Directors of Mesa Water does hereby delegate authority to the District Treasurer to invest and reinvest funds pursuant to all applicable laws, statutes, and regulations of the State of California as set forth in this Resolution. The Board of Directors reserves the right to provide for delegation of investment authority in the future by way of resolution or by motion.

Section 2. That the revised Statement of Investment Policy of Mesa Water is hereby adopted as set forth in Exhibit "A" attached to this Resolution, which is incorporated by this reference and shall be deemed to be effective on December 14, 2017 and every fiscal year hereafter unless changed or modified by further action of this Board of Directors.

Section 3. That Resolution No. 1431 of Mesa Water is rescinded effective December 14, 2017.

ADOPTED, SIGNED, and APPROVED this 14th day of December 2017 by a roll call vote.

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

Jim Atkinson
President, Board of Directors

Denise Garcia
District Secretary

DRAFT

RESOLUTION NO. XXXX

EXHIBIT A

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED STATEMENT OF INVESTMENT POLICY, RESCINDING RESOLUTION NO. 1431

Statement of Investment Policy
FY18

1.0 Policy

It is the policy of Mesa Water District (Mesa Water®) to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District. The investment policies and practices of Mesa Water are based upon prudent money management and shall conform to all federal, state and other applicable laws governing the investment of public funds.

Although no longer required by California Government Code (CGC) Section 53646, the District Treasurer will render to the Board of Directors (Board) a Statement of Investment Policy for consideration and approval at a public meeting. Any investment currently held at that time that does not meet the guidelines of this policy, as changed from time to time by the Board, shall be exempt from the requirements of this policy. However, at the investment's maturity or liquidation, such funds shall be reinvested only as provided by this policy.

2.0 Scope

This Statement of Investment Policy (SIP) applies to all financial assets of Mesa Water except the California Public Employees Retirement System (CalPERS) (which has its own investment policy), Public Agencies Post-Employment Benefits Trust (which is administered by Resolution No. 1499), deferred compensation plan (governed by a separate Plan Document) and Certificate of Participation (COP) funds (governed by the applicable Trust Indentures), which are administered separately.

This SIP is set forth by Mesa Water for the following purposes:

- a. To establish a clear understanding for the Board, Finance Committee, Mesa Water management and responsible employees, citizens and third parties, of the objectives, policies and guidelines for the investment of Mesa Water's excess funds that are not required for immediate use.
- b. To offer guidance to investment staff, brokers and any external investment advisors on the investment of Mesa Water funds.

3.0 Objective

Subject to the overriding requirement of compliance with all federal, state and other applicable laws governing the investment of moneys under the control of the District Treasurer, and as specified in the CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

3.1 Safety of Principal

Safety of principal is the foremost objective. Investments of Mesa Water shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. To attain this objective diversification is advisable in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. Mesa Water shall seek to preserve capital by mitigating credit risk and market risk, as identified below:

3.1. A Credit Risk

Credit risk is the risk of loss due to failure of the issuer to repay an obligation. It shall be mitigated by investing in only very safe institutions and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm Mesa Water's cash flow.

3.1. B Market Risk

Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

- 1) Structuring the investment portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and
- 2) Prohibiting the selling of securities that Mesa Water does not own (taking short positions); and
- 3) Limiting the maximum maturity of any one security in the investment portfolio to five years.

It is explicitly recognized that, in a diversified investment portfolio, occasional market value losses may be inevitable even in investments to be held to maturity. Such losses must be considered within the context of overall investment return.

3.2 Liquidity

Mesa Water's investment portfolio will remain sufficiently liquid to enable the District to meet all operating and emergency requirements, which might be reasonably anticipated.

An amount equal to the adopted levels of the Operating Fund and Working Capital Cash will be kept fully liquid at all times.

3.3 Return on Investments

State law requires that the objective of return on investments be subordinate to the objectives of safety and liquidity. Mesa Water's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account Mesa Water's investment risk constraints and the cash flow characteristics and requirements of Mesa Water's funds and of the portfolio.

Whenever possible, consistent with risk limitations and prudent investment principles, Mesa Water shall make an effort to achieve returns at the market average rate of return, defined, for the purpose of this SIP, as the average rate of return on three-month US Treasury Bills or other benchmarks, as appropriate, depending on the make-up of the portfolio.

4.0 Delegation of Authority

Authority to manage Mesa Water's investment program is derived from Section 53607 of the CGC, which authorizes the Board of Mesa Water to delegate authority to invest, reinvest, sell or exchange securities for a period of one year. This responsibility may be delegated to the District Treasurer (by Board action), who shall establish written procedures for the administration of this SIP. The Board may renew this delegation pursuant to state law each year.

The Board of Mesa Water, the General Manager, District Treasurer and the District Secretary shall be signatories on all accounts at commercial banks, the Orange County Treasurer's Money Market Investment Pool (OCIP) and at the State managed Local Agency Investment Fund (LAIF), to access accounts for these and other authorized investments consistent with this SIP.

5.0 Prudence

Investments shall be made in the context of the "Prudent Investor" standard pursuant to CGC Section 53600.3, which states in relevant part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Mesa Water employees, acting in accordance with the provisions of the written policies and procedures and this SIP, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided

that deviations from expectations are reported to the Finance Committee at the next regularly scheduled Finance Committee meeting, but within 30 days, and that appropriate action is taken to control adverse developments.

6.0 Ethics and Conflicts of Interest

The District Treasurer and other Mesa Water Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The District Treasurer and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Mesa Water.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the District Treasurer or investment employees to make impartial decisions, Mesa Water's General Manager and Board will be notified as soon as practicable upon discovery of the event.

The District Treasurer is required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC).

7.0 Authorized Financial Dealers and Institutions

Mesa Water shall transact business only with commercial banks, savings and loans, LAIF, OCIP and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California (State) as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, or a savings association or Federal Association (as defined by Section 5102 of the Financial Code).

The District Treasurer shall investigate all institutions that wish to do business with Mesa Water in order to determine if they are adequately capitalized, make markets in securities appropriate to Mesa Water's needs and agree to abide by the conditions set forth in this SIP.

The District Treasurer shall maintain a list of broker/dealers and institutions authorized to provide investment services and shall conduct an annual review of the financial condition of qualified institutions. In addition, a current financial statement is required to be on file for each qualified institution.

8.0 Authorized and Suitable Investments

Authorized investments are stated in the CGC Sections 16429.1, 53601, 53635 and 53649. Mesa Water's authorized investments are more restrictive than the investments authorized by law.

The following investments are authorized under this Statement of Investment Policy:

- 8.1** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- 8.2** United States agencies; 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.
- 8.3** Registered State of California (State) warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the state.
- 8.4** Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this State, 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. Investments in this category must be rated at least investment grade as provided for by a Nationally Recognized Statistical-Rating Organization (NRSRO).
- 8.5** Purchases of Banker Acceptances which may not exceed 180 days maturity or 40 percent of the agency's money and no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank.
- 8.6** Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a NRSRO. Eligible paper is further limited to issuing corporations that are organized and operating within the United States as a general corporation and having total assets in surplus of five hundred million dollars (\$500,000,000) and having an "A" or higher rating (or equivalent) for the issuer's debt, other than commercial paper, if any, as provided for by a NRSRO. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of Mesa Water's investment portfolio at any time.
- 8.7** Negotiable certificates of deposits issued by a nationally or state-chartered bank, a savings association or 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 percent of the investment portfolio and the maximum maturity date shall not exceed five years, and are subject to the limitations of CGC Section 53601(i).

- 8.8** Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102 percent of the value of the repurchase agreement.

Reverse repurchase agreements or securities lending agreements may be utilized only when all the conditions in CGC Section 53601(j) are met.

- 8.9** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by a corporation 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. Notes eligible for investment under this subdivision shall be rated "A" or better by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of Mesa Water's money that may be invested pursuant to CGC Section 53601 and Mesa Water's SIP.
- 8.10** 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 CGC Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by CGC 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 that 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.
- 8.11** Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 10 percent of the agency's surplus money that may be invested.
- 8.12** Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

- 8.12. A.** The advisor is registered or exempt from registration with the Securities and Exchange Commission.
- 8.12. B.** The advisor has not less than five years of experience investing in the securities and obligations authorized in CGC Section 6509.7.
- 8.12. C.** The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).
- 8.13** 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 an NRSRO and shall not exceed 30 percent of Mesa Water's moneys that may be invested pursuant to this section.
- 8.14** Notwithstanding CGC Section 53601 or any other provision of this code, a local agency, at its discretion, may invest a portion of its surplus funds in Certificates of Deposit Account Registry Service (CDARS) 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 certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, CGC Section 53601.8, and subdivision (h) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:
- (a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.
 - (b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks (savings and loan associations), or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.
 - (c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:
 - (1) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration; and
 - (2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal

Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(d) The selected depository institution shall serve as a custodian for each such deposit.

(e) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution pursuant to subdivision (b).

(f) Notwithstanding subdivisions (a) to (e), inclusive, a credit union shall not act as a selected depository institution under this section or CGC Section 53601.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally-insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) The depositions placed pursuant to this section and CGC Section 53635.8 shall not, in total, exceed 30 percent of Mesa Water's funds that may be invested for this purpose.

8.15 The Local Agency Investment Fund, established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1. The maximum investment authorized is the maximum amount permitted by the State Treasurer, currently at \$50,000,000 per account.

8.16 Time deposits, non-negotiable and collateralized in accordance with California Government Code, may be purchased through banks or savings and loan associations. The maximum maturity date shall not exceed five years.

8.17 The Orange County Treasurer's Money Market Investment Pool, established by the County of Orange. Mesa Water's investments will be made in accordance with the CGC Section 53684.

8.18 Shares of beneficial interest issued by diversified management companies (otherwise known as "mutual funds"), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649. No more than 20 percent of Mesa Water's investment portfolio shall be invested in this option at any time. No more than 10 percent of Mesa Water's portfolio may be invested in shares of a beneficial interest of any one mutual fund.

To be eligible for investment by Mesa Water, diversified management companies shall:

- 8.18. A.** Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest NRSRO's; and
- 8.18. B.** Have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649, and with assets under management in excess of five hundred million dollars (\$500,000,000); and
- 8.18. C.** Shall not include in the purchase price of shares of beneficial interest purchased any commission that these companies may charge.

9.0 Investment Pools

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. A questionnaire shall be developed by the District Treasurer that will address the following general considerations:

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

10.0 Prohibited Investment Vehicles and Practices

Investment staff is prohibited from investing Mesa Water's portfolio in the following:

- State laws notwithstanding, any investments not specifically described herein under Sections 8.0 through 9.0 are prohibited.
- Borrowing for investment purposes (Leverage) is prohibited.
- Buying or selling securities "on Margin" is prohibited.
- Investing in any instrument that is commonly known as a "derivative" instrument (options, futures, swaps, caps, floors, collars, U.S. Treasury zero coupon bonds, U.S. Treasury strips, interest-only bonds, interest-only strips derived from mortgage pools), or any investment that may result in a zero interest accrual, even if held to maturity, is prohibited.
- Under the provisions of CGC Sections 53601.6 and 53631.5, Mesa Water shall not invest any funds covered by this SIP in instruments known as Structured

Notes (e.g., inverse floaters, leverage floaters, structured CD's, range notes, equity-linked securities). Any such investments are prohibited.

- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

11.0 Collateralization

The CGC Sections 53652 through 53667, inclusive, requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

12.0 Safekeeping and Custody

All investment transactions, including collateral for repurchase agreements, entered into by Mesa Water shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, acting as an agent for Mesa Water under the terms of the custody agreement, designated by the District Treasurer and evidenced by safekeeping receipts.

13.0 Diversification

Mesa Water will diversify its investments by security type and institution. With the exception of U.S Treasuries, the LAIF, or the OCIP, no more than 50 percent of Mesa Water's total investment portfolio will be invested in a single security type or with a single financial institution.

14.0 Maximum Maturities

To the extent practical, Mesa Water will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Mesa Water will not directly invest in securities maturing more than five years from the date of purchase.

15.0 Internal Controls and External Review

The District Treasurer shall maintain a system of internal controls in order to assure compliance with Mesa Water's written policies and procedure, this SIP, and also including but not limited to prior authorization and approvals, properly designed records, security of assets and records, segregation of incompatible duties, periodic reconciliations, periodic verification and timely preparation of reports in conformance with Section 17.0.

As part of Mesa Water's annual audit, the external auditor retained by the Board shall review the internal controls. The external audit shall provide those reviews and opinions as are required for the independent auditor's reports. The Board reserves the right to request additional reviews or opinions as to this SIP as the Board shall determine and direct.

16.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with Mesa Water's investment risk constraints and cash flow needs.

17.0 Reporting

17.1 Monthly Transaction Report

The District Treasurer shall submit a monthly report of investment transactions through the Finance Committee to Mesa Water's Board of Directors in conformance with the CGC Section 53607.

17.2 Quarterly Investment Report

The District Treasurer shall submit quarterly investment reports, through the Finance Committee, to Mesa Water's Board, the General Manager, and Mesa Water's internal auditor (Controller/Auditor) within 30 days following the end of the quarter covered by the report although no longer required by CGC Section 53646(b). For each specific investment, security, and money held by Mesa Water®, these reports shall contain the following information:

- The type of investment
- Name of issuer
- Date of maturity
- Market value
- Cost of acquisition

Description of any of Mesa Water's funds, investment, or programs that are under management of contracted parties, including lending programs. With respect to all securities held by Mesa Water, and under management of an outside agency that is not also a local agency or the LAIF, the report shall also include the current market value as of the date of the report, and shall include the source of this same valuation.

For local agency investments that have been placed in LAIF, created by CGC Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Financial Code Section 14858, or in Federal Deposit Insured Corporation—insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the District Treasurer may supply the Board, the General Manager and Mesa Water's outside auditor with the most recent statement or statements received by Mesa Water from these institutions in lieu of the specific investment, security, and money information required under this section.

A description of compliance with this SIP or an explanation of why it is not in compliance.

A statement indicating Mesa Water's ability to meet its cash flow needs for the next six months or an explanation as to why sufficient money may not be available.

18.0 Investment Policy Adoption and Periodic Review

This SIP shall be adopted by resolution of the Board. This policy shall be reviewed on an annual basis by the District Treasurer and Mesa Water's Finance Committee and approved annually by the Board.

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GLOSSARY

AGENCIES: Federal agency securities and/or Government – sponsored enterprises.

ASK: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance of risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

COMMERCIAL PAPER: Short-term, negotiable unsecured promissory notes of corporations.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for Mesa Water District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CUSIP (COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES): A unique nine character identification number which serves as a "DNA" for securities and is assigned to all U.S. Government Bonds, Municipal Bonds, Negotiable Certificates of Deposit and other Securities. A CUSIP uniquely identifies the type of security and the issuer.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

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

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the federal government set up to supply credit to various classes of institutions and individuals; e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which federal funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporations' purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage banks, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. The FHA, VA, or FMHM mortgages back Ginnie Mae securities. The term “pass-throughs” is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

MARKET CYCLE: A market cycle is defined as a period of time which includes a minimum of two consecutive quarters of falling interest rates followed by a minimum of two consecutive quarters of rising interest rates.

MARKET VALUE: The price at which a security is traded and could presumably be purchased or sold.

MATURITY: The date upon which the principal or states value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO): The credit rating agencies whose ratings are permitted to be used for investment purposes such as Moody's Investor Service, Standard & Poor's, and Fitch Rating.

NEGOTIABLE CERTIFICATE OF DEPOSIT: A large denomination certificate of deposit that can be sold in the open market prior to maturity.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASK and BID.

ORANGE COUNTY INVESTMENT POOL (OCIP): A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: Group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include

Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital. Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to CGC Section 53600 et seq. are trustees and therefore fiduciaries subject to the prudent person rule. Within the limitations of the CGC Section 53600 et seq. and considering individual investments as part of an overall strategy, a trustee is allowed to acquire investments as authorized by law.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has aggregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TIME CERTIFICATE OF DEPOSIT: A non-negotiable certificate of deposit that cannot be sold prior to maturity.

TOTAL RATE OF RETURN: Represents growth (or decline) in the value of a portfolio, including both capital appreciation and income, as a proportion of the starting market value.

TIME-WEIGHTED RATE OF RETURN: A modified measurement of Total Rate of Return that eliminates the effect of the timing of funds flows to and/or from a security or portfolio.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of 2 to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

YIELD TO MATURITY: The calculated rate of return based upon the present value of the cash flow from each interest payment, plus the present value of the cash flow from the investment's redemption value at maturity vs. the purchase price.

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RESOLUTION NO. XXXX

**EXHIBIT B
RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR
REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED
STATEMENT OF INVESTMENT POLICY,
RESCINDING RESOLUTION NO. 1431**

Summary of Investments Authorized Under California
Government Code Sections 53601, 53684, 16429.1
Statement of Investment Policy
FY18

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**SUMMARY OF INVESTMENTS AUTHORIZED UNDER CALIFORNIA
GOVERNMENT CODE SECTIONS 53601, 53684, 16429.1
MESA WATER DISTRICT FY18 STATEMENT OF INVESTMENT POLICY**

CGC Section	Investment Type	ALLOWED BY STATUTE			AUTHORIZED BY MESA WATER DISTRICT		
		Maximum Maturity	Authorized Limit (%)	Required Rating	Maximum Maturity	Authorized Limit	Required Rating
53601(a)	Local Agency Bonds	5 Years	None	None	5 Years	None	None
53601(b)	U.S. Treasury Obligations	5 Years	None	None	5 Years	None	None
53601(c)	State of California Obligations	5 Years	None	None	5 Years	None	None
53601(d)	Other State Obligations	5 Years	None	None	5 Years	None	None
53601(e)	California Local Agency Obligations	5 Years	None	None	5 Years	None	None
53601(f)	Federal Agency or U.S. Government Obligations (GSE's)	5 Years	None	None	5 Years	None	None
53601(g)	Bankers' Acceptances	180 Days	40%/30% ⁽¹⁾	None	180 Days	40%/30% ⁽¹⁾	None
53601(h)	Commercial Paper	270 Days	25% or 10% ⁽²⁾	A1/P1/F1	270 Days	25% or 10% ⁽²⁾	A1/P1/F1
53601(i)	Negotiable Certificates of Deposit ⁽⁸⁾	5 Years	30% ⁽⁷⁾	None	5 Years	30% ⁽⁷⁾	None
53601(j)	Repurchase Agreements	1 Year	None	None	1 Year	None	None
53601(j)	Reverse Repurchase Agreements	92 Days	20% of base	Various ⁽³⁾	92 Days	20% of base	Various ⁽³⁾
53601(k)	Medium-Term Notes	5 Years	30%	A	5 Years	30%	A
53601(l)	Mutual Funds	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾
53601(l)	Money Market Mutual Funds	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾
53601(m)	Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract
53601(n)	Collateralized Bank Deposits ⁽⁸⁾	5 Years	None	None	5 Years	None	None
53601(o)	Mortgage Pass-Through Securities	5 Years	20%	AA	5 Years	10%	AA
53601(p)	Shares of beneficial interest in JPA's	N/A	None	None	N/A	None	None
53601.8	Certificates of Deposits (CDAR's) ⁽⁸⁾	5 Years	30% ⁽⁷⁾	None	5 Years	30% ⁽⁷⁾	None
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None	N/A	None ⁽⁶⁾	None
53684	County Pooled Investment Funds	N/A	None	None	N/A	None	None
	Time Deposits ⁽⁸⁾	5 Years	None	None	5 Years	None	None

(1) 30% limit for one commercial bank.

(2) 10% limit for the outstanding commercial paper of any single corporate issue.

(3) Securities used for the agreement must have been held by the issuer for 30 days, investments can only be made with primary dealers of the Federal Reserve Bank of New York.

(4) No more than 10% can be invested in any one fund.

(5) Highest ranking by 2 of 3 of the nationally recognized rating agencies, and retain an investment advisor who is registered with the SEC and has at least 5 years' experience investing in securities authorized in CGC Section 53601 and 53635 with assets in excess of \$500 million.

(6) LAIF currently allows a maximum of \$50 million per account.

(7) No more than 30% of total funds may be invested in these CD's.

(8) Subject to FDIC limitations. Also subject to other limits with investments in credit unions.

RESOLUTION NO. ~~1431XXXX~~

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED STATEMENT OF INVESTMENT POLICY, RESCINDING RESOLUTION NO. ~~14221431~~

WHEREAS, the Mesa Water District (Mesa Water®) is a county water district organized and operating pursuant to the provisions of State of ~~according to~~ California (State or California) ~~Law~~law; and

WHEREAS, Mesa Water from time to time has money held by its District Treasurer not required for the immediate necessities of Mesa Water (investment portfolio) and is authorized by law including, but not by way of limitation, Section 53601, et. seq., of the Government Code of the State of California, to invest such money in the manner provided by law; and

WHEREAS, Section 53607 of the Government Code authorizes the Board of Directors of Mesa Water to delegate such authority to its District Treasurer to invest, reinvest, sell, or exchange securities until such time as this delegation of authority is revoked; and

WHEREAS, Mesa Water has previously adopted Resolution No. ~~14221431~~, delegating authority relative to investment or reinvestment of funds and providing for a Statement of Investment Policy; and

WHEREAS, it is the desire of the Board of Directors of Mesa Water to renew the delegation of such authority and provide for a revised Statement of Investment Policy.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MESA WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. That the Board of Directors of Mesa Water does hereby delegate authority to ~~the District Treasurer to~~ invest and reinvest funds pursuant to all applicable laws, statutes, and regulations of the State of California as set forth in this Resolution. ~~The Board of Directors reserves the right to provide for delegation of investment authority in the future by way of resolution or by motion.~~

Section 2. That the revised Statement of Investment Policy of Mesa Water is hereby adopted as set forth in Exhibit "A" attached to this Resolution, which is incorporated by this reference and shall be deemed to be effective on ~~April 11, 2013~~December 14, 2017 and ~~each calendar~~every fiscal year hereafter unless changed or modified by further action of this Board of Directors.

Section 3. That Resolution No. ~~1422-1431~~ of Mesa Water is rescinded effective ~~April 11, 2013~~ December 14, 2017.

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ADOPTED, SIGNED, and APPROVED this ~~11th~~-~~14th~~ day of ~~April 2013~~~~December 2017~~ by a roll call vote.

AYES: DIRECTORS: ~~Atkinson, Temianka, Bockmiller, Dewane, Fisler~~
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

~~James R. Fisler~~ Jim Atkinson
President, Board of Directors

~~Coleen L. Monteleone~~ Denise Garcia
District Secretary

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RESOLUTION NO. 1431XXXX

EXHIBIT A

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED STATEMENT OF INVESTMENT POLICY, RESCINDING RESOLUTION NO. 14221431

Statement of Investment Policy
FY13FY18

1.0 Policy

It is the policy of Mesa Water District (Mesa Water®) to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of ~~Mesa Water~~the District. The investment policies and practices of Mesa Water are based upon prudent money management and shall conform to all federal, ~~State-state~~ and other applicable laws governing the investment of public funds.

Although no longer required by California Government Code (CGC) Section 53646, the District Treasurer will render to the Board of Directors (~~Board~~) a Statement of Investment Policy for consideration and approval at a public meeting. Any investment currently held at that time that does not meet the guidelines of this policy, as changed from time to time by the ~~Board of Directors~~ (~~Board~~), shall be exempt from the requirements of this policy. However, at the investment's maturity or liquidation, such funds shall be reinvested only as provided by this policy.

2.0 Scope

This Statement of Investment Policy (SIP) applies to all financial assets of Mesa Water except the California Public Employees Retirement System (CalPERS) (which has its own investment policy), ~~Public Agencies Post-Employment Benefits Trust (which is administered by Resolution No. 1499)~~, deferred compensation plan (governed by a separate Plan Document) and Certificate of Participation (COP) funds (governed by the applicable Trust Indentures), which are administered separately.

This SIP is set forth by Mesa Water for the following purposes:

- a. To establish a clear understanding for the ~~Board of Directors~~, Finance Committee, Mesa Water management and responsible employees, citizens and third parties, of the objectives, policies and guidelines for the investment of Mesa Water's excess funds that are not required for immediate use.

- b. To offer guidance to investment staff, brokers and any external investment advisors on the investment of Mesa Water funds.

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3.0 Objective

Subject to the overriding requirement of compliance with all federal, ~~State-state~~ and other applicable laws governing the investment of moneys under the control of the District Treasurer, and as specified in the CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

3.1 Safety of Principal

Safety of principal is the foremost objective. Investments of Mesa Water shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. To attain this objective diversification is advisable in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. Mesa Water shall seek to preserve capital by mitigating credit risk and market risk, as identified below:

3.1. A Credit Risk

Credit risk is the risk of loss due to failure of the issuer to repay an obligation. It shall be mitigated by investing in only very safe institutions and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm Mesa Water's cash flow.

3.1. B Market Risk

Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

- 1) Structuring the investment portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and
- 2) Prohibiting the selling of securities that Mesa Water does not own (taking short positions); and
- 3) Limiting the maximum maturity of any one security in the investment portfolio to five years.

It is explicitly recognized that, in a diversified investment portfolio, occasional market value losses may be inevitable even in investments to be held to maturity. Such losses must be considered within the context of overall investment return.

3.2 Liquidity

Mesa Water's investment portfolio will remain sufficiently liquid to enable ~~Mesa Water~~ the District to meet all operating and emergency requirements, which might be reasonably anticipated.

An amount equal to the adopted levels of the Operating Fund and Working Capital Cash will be kept fully liquid at all times.

3.3 Return on Investments

State law requires that the objective of return on investments be subordinate to the objectives of safety and liquidity. Mesa Water's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account Mesa Water's investment risk constraints and the cash flow characteristics and requirements of Mesa Water's funds and of the portfolio.

Whenever possible, consistent with risk limitations and prudent investment principles, Mesa Water shall make an effort to achieve returns at the market average rate of return, defined, for the purpose of this SIP, as the average rate of return on three-month US Treasury Bills or other benchmarks, as appropriate, depending on the make-up of the portfolio.

4.0 Delegation of Authority

Authority to manage Mesa Water's investment program is derived from Section 53607 of the CGC, which authorizes the Board of Mesa Water to delegate authority to invest, reinvest, sell or exchange securities for a period of one year. This responsibility may be delegated to the District Treasurer (by Board action), who shall establish written procedures for the administration of this SIP. The Board may renew this delegation pursuant to ~~State-state~~ law each year.

The Board of Mesa Water, the General Manager, District Treasurer and the District Secretary shall be signatories on all accounts at commercial banks, the Orange County Treasurer's Money Market Investment Pool (OCIP) and at the State managed Local Agency Investment Fund (LAIF), to access accounts for these and other authorized investments consistent with this SIP.

5.0 Prudence

Investments shall be made in the context of the "Prudent Investor" standard pursuant to CGC Section 53600.3, which states in relevant part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Mesa Water employees, acting in accordance with the provisions of the written policies and procedures and this SIP, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported to the Finance Committee at the next regularly scheduled Finance Committee meeting, but within 30 days, and that appropriate action is taken to control adverse developments.

6.0 Ethics and Conflicts of Interest

The District Treasurer and other Mesa Water Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The District Treasurer and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Mesa Water.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the District Treasurer or investment employees to make impartial decisions, Mesa Water's General Manager and Board will be notified as soon as practicable upon discovery of the event.

The District Treasurer is required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC).

7.0 Authorized Financial Dealers and Institutions

Mesa Water shall transact business only with commercial banks, savings and loans, LAIF, OCIP and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California (State) as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, or a savings association or Federal Association (as defined by Section 5102 of the Financial Code).

The District Treasurer shall investigate all institutions that wish to do business with Mesa Water in order to determine if they are adequately capitalized, make markets in securities appropriate to Mesa Water's needs and agree to abide by the conditions set forth in this SIP.

The District Treasurer shall maintain a list of broker/dealers and institutions authorized to provide investment services and shall conduct an annual review of the financial condition of qualified institutions. In addition, a current financial statement is required to be on file for each qualified institution.

8.0 Authorized and Suitable Investments

Authorized investments are stated in the CGC Sections 16429.1, 53601, 53635 and 53649. Mesa Water's authorized investments are more restrictive than the investments authorized by law.

The following investments are authorized under this Statement of Investment Policy:

- 8.1** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- 8.2** United States agencies; 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.
- 8.3** Registered State of California (State) warrants or treasury notes or bonds of this ~~State~~state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the ~~State~~state.
- 8.4** Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this ~~State~~, 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. Investments in this category must be rated at least investment grade as provided for by a Nationally Recognized Statistical-Rating Organization (NRSRO).
- 8.5** Purchases of Banker Acceptances which may not exceed 180 days maturity or 40 percent of the agency's money and no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank.
- 8.6** Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a NRSRO. Eligible paper is further limited to issuing corporations that are organized and operating within the United States as a general corporation and having total assets in surplus of five hundred million dollars (\$500,000,000) and having an "A" or higher rating (or equivalent) for the issuer's debt, other than commercial paper, if any, as provided for by a NRSRO. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of Mesa Water's investment portfolio at any time.
- 8.7** Negotiable certificates of deposits issued by a nationally or state-chartered bank, a savings association or 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 percent of the investment

portfolio -and the maximum maturity date shall not exceed five years, and are subject to the limitations of CGC Section 53601(i).

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- 8.8** Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102 percent of the value of the repurchase agreement.

Reverse repurchase agreements or securities lending agreements may be utilized only when all the conditions in CGC Section 53601(j) are met.

- 8.9** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by a corporation 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. Notes eligible for investment under this subdivision shall be rated "A" or better by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of Mesa Water's money that may be invested pursuant to CGC Section 53601 and Mesa Water's SIP.
- 8.10** 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 CGC Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by CGC 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 that 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.
- 8.11** Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 10 percent of the agency's surplus money that may be invested.
- 8.12** Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

- 8.12. A.** The advisor is registered or exempt from registration with the Securities and Exchange Commission.
- 8.12. B.** The advisor has not less than five years of experience investing in the securities and obligations authorized in CGC Section 6509.7.
- 8.12. C.** The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).

8.13 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 an NRSRO and shall not exceed 30 percent of Mesa Water's moneys that may be invested pursuant to this section.

8.143 Notwithstanding CGC Section 53601 or any other provision of this code, a local agency, at its discretion, may invest a portion of its surplus funds in Certificates of Deposit Account Registry Service (CDARS) 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 certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, CGC Section 53601.8, and subdivision (h) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may ~~submit the funds to a use a private sector entity to help place local agency deposits that assists in the placement of certificates of deposit~~ with one or more commercial banks, savings banks (savings and loan associations), or credit unions that are located in the United States, ~~for the local agency's account. and are within the network used by the private sector entity for this purpose.~~

(c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:

(1e) -The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration; and

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible,

to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.-

(d) The selected depository institution shall serve as a custodian for each such ~~deposit certificate of deposit that is issued with the placement service for the local agency's account.~~

(e) ~~On At~~ the same ~~time date~~ that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, ~~deposited and the certificates of deposit are issued,~~ the selected depository institution shall receive an amount of insured deposits from other ~~commercial banks financial institutions, savings banks, savings and loan associations, or credit unions~~ that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution ~~for investment pursuant to subdivision (b).~~

(f) Notwithstanding subdivisions (a) to (e), inclusive, ~~no~~ a credit union shall ~~not may~~ act as a selected depository institution under this section or CGC Section 53601.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally-insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) The depositions placed pursuant to this section and CGC Section 53635.8 shall not, in total, exceed 30 percent of Mesa Water's funds that may be invested for this purpose.

8.154 The Local Agency Investment Fund, established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1. The maximum investment authorized is the maximum amount permitted by the State Treasurer, currently at \$50,000,000 per account.

8.165 Time deposits, non-negotiable and collateralized in accordance with California Government Code, may be purchased through banks or savings and loan associations. The maximum maturity date shall not exceed five years.

8.176 The Orange County Treasurer's Money Market Investment Pool, established by the County of Orange. Mesa Water's investments will be made in accordance with the CGC Section 53684.

8.187 Shares of beneficial interest issued by diversified management companies (otherwise known as "mutual funds"), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649. No more than 20

percent of Mesa Water's investment portfolio shall be invested in this option at any time. No more than 10 percent of Mesa Water's portfolio may be invested in shares of a beneficial interest of any one mutual fund.

To be eligible for investment by Mesa Water, diversified management companies shall:

- 8.187. A.** Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest NRSRO's; and
- 8.187. B.** Have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649, and with assets under management in excess of five hundred million dollars (\$500,000,000); and
- 8.187. C.** Shall not include in the purchase price of shares of beneficial interest purchased any commission that these companies may charge.

9.0 Investment Pools

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. A questionnaire shall be developed by the District Treasurer that will address the following general considerations:

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

10.0 Prohibited Investment Vehicles and Practices

Investment staff is prohibited from investing Mesa Water's portfolio in the following:

- State laws notwithstanding, any investments not specifically described herein under Sections 8.0 through 9.0 are prohibited.
- Borrowing for investment purposes (Leverage) is prohibited.
- Buying or selling securities "on Margin" is prohibited.

- Investing in any instrument that is commonly known as a “derivative” instrument (options, futures, swaps, caps, floors, collars, U.S. Treasury zero coupon bonds, U.S. Treasury strips, interest-only bonds, interest-only strips derived from mortgage pools), or any investment that may result in a zero interest accrual, even if held to maturity, is prohibited.
- Under the provisions of CGC Sections 53601.6 and 53631.5, Mesa Water shall not invest any funds covered by this SIP in instruments known as Structured Notes (e.g., inverse floaters, leverage floaters, structured CD’s, range notes, equity-linked securities). Any such investments are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

11.0 Collateralization

The CGC Sections 53652 through 53667, inclusive, requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

12.0 Safekeeping and Custody

All investment transactions, including collateral for repurchase agreements, entered into by Mesa Water shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, acting as an agent for Mesa Water under the terms of the custody agreement, designated by the District Treasurer and evidenced by safekeeping receipts.

13.0 Diversification

Mesa Water will diversify its investments by security type and institution. With the exception of U.S Treasuries, the LAIF, or the OCIP, no more than 50 percent of Mesa Water's total investment portfolio will be invested in a single security type or with a single financial institution.

14.0 Maximum Maturities

To the extent practical, Mesa Water will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Mesa Water will not directly invest in securities maturing more than five years from the date of purchase.

15.0 Internal Controls and External Review

The District Treasurer shall maintain a system of internal controls in order to assure compliance with Mesa Water's written policies and procedure, this SIP, and also including but not limited to prior authorization and approvals, properly designed records, security of assets and records, segregation of incompatible duties, periodic reconciliations, periodic verification and timely preparation of reports in conformance with Section 17.0.

As part of Mesa Water's annual audit, the external auditor retained by the Board shall review the internal controls. The external audit shall provide those reviews and opinions as are required for the independent auditor's reports. The Board reserves the right to request additional reviews or opinions as to this SIP as the Board shall determine and direct.

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16.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with Mesa Water's investment risk constraints and cash flow needs.

17.0 Reporting

17.1 Monthly Transaction Report

The District Treasurer shall submit a monthly report of investment transactions through the Finance Committee to Mesa Water's Board of Directors in conformance with the CGC Section 53607.

17.2 Quarterly Investment Report

The District Treasurer shall submit quarterly investment reports, through the Finance Committee, to Mesa Water's Board, the General Manager, and Mesa Water's internal auditor (Controller/Auditor) within 30 days following the end of the quarter covered by the report although no longer required by CGC Section 53646(b). ~~For each specific investment, security, and money held by Mesa Water®, these reports shall contain the following information:~~

~~For each specific investment, security, and money held by Mesa Water:~~

- The type of investment
- Name of issuer
- Date of maturity
- Market value
- Cost of acquisition

Description of any of Mesa Water's funds, investment, or programs that are under management of contracted parties, including lending programs. With respect to all securities held by Mesa Water, and under management of an outside agency that is not also a local agency or the LAIF, the report shall also include the current market value as of ~~the~~ date of ~~the~~ report, and shall include the source of this same valuation.

For local agency investments that have been placed in LAIF, created by CGC Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Financial Code Section 14858, or in Federal Deposit Insured Corporation—insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the District Treasurer may supply the Board, the General Manager and Mesa Water's outside auditor with the most recent statement or statements received by Mesa Water from these institutions in lieu of the specific investment, security, and money information required under this section.

A description of compliance with this SIP or an explanation of why it is not in compliance.

A statement indicating Mesa Water's ability to meet its cash flow needs for the next six months or an explanation as to why sufficient money may not be available.

18.0 Investment Policy Adoption and Periodic Review

This SIP shall be adopted by resolution of the Board. This policy shall be reviewed on an ~~bi~~-annual basis by the District Treasurer and Mesa Water's Finance Committee and approved annually by the Board.

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GLOSSARY

AGENCIES: Federal agency securities and/or Government – sponsored enterprises.

ASK: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance of risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public mon~~ey~~**iesies**.

COMMERCIAL PAPER: Short-term, negotiable unsecured promissory notes of corporations.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for Mesa Water District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CUSIP (COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES): A unique nine character identification number which serves as a "DNA" for securities and is assigned to all U.S. Government Bonds, Municipal Bonds, Negotiable Certificates of Deposit and other Securities. A CUSIP uniquely identifies the type of security and the issuer.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

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

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the federal government set up to supply credit to various classes of institutions and individuals; e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which federal funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporations' purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage banks, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. The FHA, VA, or FMHM mortgages back Ginnie Mae securities. The term “pass-throughs” is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

MARKET CYCLE: A market cycle is defined as a period of time which includes a minimum of two consecutive quarters of falling interest rates followed by a minimum of two consecutive quarters of rising interest rates.

MARKET VALUE: The price at which a security is traded and could presumably be purchased or sold.

MATURITY: The date upon which the principal or states value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO): The credit rating agencies whose ratings are permitted to be used for investment purposes such as Moody's Investor Service, Standard & Poor's, and Fitch Rating.

NEGOTIABLE CERTIFICATE OF DEPOSIT: A large denomination certificate of deposit that can be sold in the open market prior to maturity.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASK~~ed~~ and BID.

ORANGE COUNTY INVESTMENT POOL (OCIP): A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: Group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital. Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to CGC Section 53600 et seq. are trustees and therefore fiduciaries subject to the prudent person rule. Within the limitations of the CGC Section 53600 et seq. and considering individual investments as part of an overall strategy, a trustee is allowed to acquire investments as authorized by law.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has aggregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TIME CERTIFICATE OF DEPOSIT: A non-negotiable certificate of deposit that cannot be sold prior to maturity.

TOTAL RATE OF RETURN: Represents growth (or decline) in the value of a portfolio, including both capital appreciation and income, as a proportion of the starting market value.

TIME-WEIGHTED RATE OF RETURN: A modified measurement of Total Rate of Return that eliminates the effect of the timing of funds flows to and/or from a security or portfolio.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of ~~two~~-2 to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

YIELD TO MATURITY: The calculated rate of return based upon the present value of the cash flow from each interest payment, plus the present value of the cash flow from the investment's redemption value at maturity vs. the purchase price.

DRAFT

RESOLUTION NO. 1431XXXX

**EXHIBIT B
RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR
REINVESTMENT OF FUNDS, AND PROVIDING FOR A REVISED
STATEMENT OF INVESTMENT POLICY,
RESCINDING RESOLUTION NO. 14221431**

Summary of Investments Authorized Under California
Government Code Sections 53601, 53684, 16429.1
Statement of Investment Policy
FY13FY18

DRAFT

**SUMMARY OF INVESTMENTS AUTHORIZED UNDER CALIFORNIA
GOVERNMENT CODE SECTIONS 53601, 53684, 16429.1
MESA WATER DISTRICT ~~FY13-FY18~~ STATEMENT OF INVESTMENT POLICY**

CGC Section	Investment Type	ALLOWED BY STATUTE			AUTHORIZED BY MESA WATER DISTRICT		
		Maximum Maturity	Authorized Limit (%)	Required Rating	Maximum Maturity	Authorized Limit	Required Rating
53601(a)	Local Agency Bonds	5 Years	None	None	5 Years	None	None
53601(b)	U.S. Treasury Obligations	5 Years	None	None	5 Years	None	None
53601(c)	State of California Obligations	5 Years	None	None	5 Years	None	None
53601(d)	Other State Obligations	5 Years	None	None	5 Years	None	None
53601(e)	California Local Agency Obligations	5 Years	None	None	5 Years	None	None
53601(f)	Federal Agency or U.S. Government Obligations (GSE's)	5 Years	None	None	5Years	None	None
53601(g)	Bankers' Acceptances	180 Days	40%/30% ⁽¹⁾	None	180 Days	40%/30% ⁽¹⁾	None
53601(h)	Commercial Paper	270 Days	25% or 10% ⁽²⁾	A1/P1/F1	270 Days	25% or 10% ⁽²⁾	A1/P1/F1
53601(i)	Negotiable Certificates of Deposit ⁽⁸⁾	5 Years	30% ⁽⁷⁾	None	5 Years	30% ⁽⁷⁾	None
53601(j)	Repurchase Agreements	1 Year	None	None	1 Year	None	None
53601(j)	Reverse Repurchase Agreements	92 Days	20% of base	Various ⁽³⁾	92 Days	20% of base	Various ⁽³⁾
53601(k)	Medium-Term Notes	5 Years	30%	A	5 Years	30%	A
53601(l)	Mutual Funds	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾
53601(l)	Money Market Mutual Funds	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾	N/A	20%/10% ⁽⁴⁾	Various ⁽⁵⁾
53601(m)	Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract
53601(n)	Collateralized Bank Deposits ⁽⁸⁾	5 Years	None	None	5 Years	None	None
53601 (o)	Mortgage Pass-Through Securities	5 Years	20%	AA	5 Years	10%	AA
53601 (p)	Shares of beneficial interest in JPA's	N/A	None	None	N/A	None	None
53601.8	Certificates of Deposits (CDAR's) ⁽⁸⁾	5 Years	30% ⁽⁷⁾	None	5 Years	30% ⁽⁷⁾	None
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None	N/A	None ⁽⁶⁾	None
53684	County Pooled Investment Funds	N/A	None	None	N/A	None	None
	Time Deposits ⁽⁸⁾	5 Years	None	None	5 Years	None	None

(1) 30% limit for one commercial bank.

(2) 10% limit for the outstanding commercial paper of any single corporate issue.

(3) Securities used for the agreement must have been held by the issuer for 30 days, investments can only be made with primary dealers of the Federal Reserve Bank of New York.

(4) No more than 10% can be invested in any one fund.

(5) Highest ranking by 2 of 3 of the nationally recognized rating agencies, and retain an investment advisor who is registered with the SEC and has at least 5 years' experience investing in securities authorized in CGC Section 53601 and 53635 with assets in excess of \$500 million.

(6) LAIF currently allows a maximum of \$50 million per account.

(7) No more than 30% of total funds may be invested in these CD's.

(8) Subject to FDIC limitations. Also subject to other limits with investments in credit unions.

REPORTS:

7. REPORT OF THE GENERAL MANAGER:

REPORTS:

8. DIRECTORS' REPORTS AND COMMENTS: