PALMDALE RECYCLED WATER AUTHORITY (PRWA)
HELD AT CITY OF PALMDALE
CITY HALL COUNCIL CHAMBERS
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
ADJOURNED REGULAR MEETING AGENDA NO. 38
FEBRUARY 12, 2018
7:00 P.M.
www.cityofpalmdale.org
www.palmdalewater.org.

WELCOME

NOTE: Materials related to an item on this Agenda submitted to the Palmdale Recycled Water Authority Board of Directors, or after distribution of the agenda packet, are available for public inspection at the City of Palmdale City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California, and at the Palmdale Water District, 2029 East Avenue Q, Palmdale, California during normal business hours and will also be available at the meeting. Those items provided by others at the meeting will be available at City Hall during normal business hours.

A **three-minute time limit** will be imposed on all speakers other than staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Palmdale Water District at least 48 hours prior to the meeting.

Your courtesy is requested to help our meeting run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of your time and ours:

- Please refrain from public displays or outbursts such as unsolicited applause, comments, cheering, foul language, or obscenities.
- Any disruptive activities that substantially interfere with the ability of the Board of Directors to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Please turn off or mute your cell phones and mobile devices.

1. CALL TO ORDER.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL: CHAIR KATHY MAC LAREN AND DIRECTORS VINCENT DINO, JUAN CARRILLO, AUSTIN BISHOP, AND HELEN VELADOR

4. APPOINTMENT:

4.1 Approve the appointment of Helen Velador as Public Member Director for a one-year renewable term to expire in January of 2019. (Staff Reference: Executive Director LaMoreaux)

There will be an Oral Report for this item.

Call for Public Comments

Staff Recommendation: Move to appoint _____ as the Public Member Director. (Voice Vote- Requires a majority to appoint.)

5. ADMINISTRATION OF OATH OF OFFICE. (Staff Reference: Authority Secretary Smith).

6. CONSENT CALENDAR – PUBLIC COMMENTS ONLY: If you wish to comment on any item(s) listed on the Consent Calendar on this agenda, please come forward to the podium and state the item number(s) and your comments. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

7. CONSENT CALENDAR:

NOTICE: All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by the Board, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

7.1 Approve the Minutes from the previous meeting held on December 18, 2017. (Staff Reference: Authority Secretary Smith)

7.2 Approve receipt and filing of the Treasurer's Report for the twelve months ending December 31, 2017. (Staff Reference: Treasurer-Auditor Williams)

Staff Recommendation: Move to approve the recommendations and findings on all items listed under this Consent Calendar. (Voice Vote - Requires a majority to approve.)

8. ACTION CALENDAR:

8.1 Election of Chair and Vice Chair pursuant to Article 4.10 of the Joint Exercise of Powers Agreement for a one-year term to expire in January of 2019. (Staff Reference: Executive Director LaMoreaux)

There will be an Oral Report for this item.

Call for Public Comments

Staff Recommendation: Move to appoint _____ as Chair and _____ as Vice Chair. (Voice Vote - Requires a majority to appoint.)

8.2 ADOPT RESOLUTION NO. PRWA 2018-001, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY ESTABLISHING ITS INVESTMENT POLICY. (Staff Reference: Treasurer-Auditor Williams)

Call for Public Comments

Staff Recommendation: Move to Adopt Resolution No. PRWA 2018-001. (Voice Vote – Requires a majority to adopt.)

9. NON-AGENDA ITEMS - PUBLIC COMMENTS: This portion of the Agenda allows an individual the opportunity to address the Board of Directors on any subject regarding Palmdale Recycled Water Authority business. Under state legislation, no action can be taken on items not specifically referenced on the Agenda. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

10. DIRECTOR'S REQUESTS FOR NEW AGENDA ITEMS:

11. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.

12. ADJOURNMENT to March 19, 2018 at 7:00 p.m. at the City of Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California.

Complete packets can be viewed at City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California; Palmdale Water District, 2029 East Avenue Q, Palmdale, California, and the Main Library, located at 700 East Palmdale Boulevard, Palmdale, California. You can also view the Agenda for the Palmdale Recycled Water Authority on the City's website at www.cityofpalmdale.org or the Palmdale Water District website at www.palmdalewater.org.

Thank you for attending your Palmdale Recycled Water Authority meeting. If you have any further questions, please contact the Secretary's Office at (661) 267-5151, Monday through Thursday, 7:30 a.m. to 6:00 p.m., closed every Friday.

THERE IS NO STAFF REPORT FOR THIS ITEM

PALMDALE RECYCLED WATER AUTHORITY

BOARD MEMORANDUM

DATE:	February 5, 2018	**February 12, 2018**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Michael Williams, Treasurer-Auditor, PRWA	
VIA:	Mr. Dennis LaMoreaux, Executive Director, PRWA	

RE: AGENDA ITEM NO 7.2 – TREASURER'S REPORT FOR DECEMBER 31, 2017

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors to receive and file the Treasurer's Report for the twelve months ending December 31, 2017.

Background:

To comply with provisions required by Section 4.13 of the Joint Powers of Authority Agreement and responsibilities of Treasurer, a Financial Report is prepared and submitted to the Board of Directors who certifies the availability of funds for the reports presented. These reports are hereby submitted to the Board of Directors for ratification.

Financial Impact:

As of December 31, 2017 the PRWA has $914,110.61 cash in the bank. PRWA earned $157.05 in interest, received $6,779.71 in receivables, and paid expenses totaling $8,345.65.

Supporting Documents:

Treasurer's Report for month ending December 31, 2017
Balance Sheet for period ending December 31, 2017.
Income Statement for period ending December 31, 2017.

Palmdale Recycled Water Authority
Treasurer's Report
Month Ended December 31, 2017

Cash/Funds Available and held at Bank of America:	
Bank Balance, beginning December 1, 2017	928,354.37
Less: Expenses Paid	(2,996.00)
Less: Bank Fees Paid (Credit Card Processing)	(5,349.65)
Add: Deposits Made	6,779.71
Add: Interest Earned	157.05
Outstanding Check (Ledger Tie-Out)	(138.52)
Bank Balance, ending December 31, 2017	926,806.96
Less: Accounts Payable	-
Less: Accrued Purchases	(7,864.42)
Less: Accrued Payroll Taxes	-
Less: Deposits - Customer	(5,000.00)
Add: Accounts Receivable (Related to Credits on Customer Accounts)	168.07
Adjusted Bank Balance, ending December 31, 2017	914,110.61

Outstanding Expenses (Prior Month(s)):

Director Pay - Meetings & Business Expense Reimbursement	138.52

December Expenses:

Total Expenses	-

Palmdale Recycled Water Authority
Balance Sheet
For the Twelve Months Ending 12/31/2017

	YTD
ASSETS	
Cash	$926,807
Prepaid Memberships	
Accounts Receivable	
- Water	168
- Government Agency	
Total Assets	**$926,975**
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	
Accrued Expense	7,864
Deposits - Customer	5,000
Total Liabilities	**12,864**
FUND BALANCE	
Unassigned	912,111
Total Fund Balance	**912,111**
Total Liabilities and Fund Balance	**$924,975**

Palmdale Recycled Water Authority
Income Statement - Current and YTD
For the Twelve Months Ending 12/31/2017

	December	YTD
REVENUES:		
Contributions - Palmdale Water District		$100,000.00
Contributions - City of Palmdale		100,000.00
Grant Funds		55,582.00
Water Sales	2,475.95	51,559.72
Interest Earnings	157.05	1,666.77
Total Revenue	**$2,633.00**	**$308,808.49**
EXPEDITURES:		
General Government		
Public Representive - Payroll Tax Expense (Employer)		80.33
Public Representive - Travel & Meeting		1,829.84
Banking Fees	140.30	423.85
Provision for Bad Debt		694.56
Memberships		5,403.50
Marketing & Outreach		
Travel & Meeting		500.00
Permits & Fees		
Utilities - Purchased Water		
Materials &Supplies		
Maint. & Repair - Water System		
	$140.30	$8,932.08
Public Resource		
Contracted Services - Professional Svcs		21,125.00
Contracted Services - Audit		9,000.00
		30,125.00
	$140.30	$39,057.08
Change in Net Position	**$2,492.70**	**$269,751.41**
Net Position - Beginning of Year		**641,359.20**
Net Position - End of Year	**$2,492.70**	**$911,110.61**

THERE IS NO STAFF REPORT FOR THIS ITEM

PALMDALE RECYCLED WATER AUTHORITY

BOARD MEMORANDUM

DATE:	February 5, 2018	**February 12, 2018**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Michael Williams, Treasurer-Auditor, PRWA	
VIA:	Mr. Dennis LaMoreaux, Executive Director, PRWA	

RE: AGENDA ITEM NO 8.2 – RESOLUTION NO. PRWA 2018-001 BEING A RESOLUTION OF THE PALMDALE RECYCLED WATER AUTHORITY ESTABLISHING ITS INVESTNMENT POLICY FOR CALENDAR YEAR 2018

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors approve Resolution No. PRWA 2018-001establishing its Investment Policy for calendar year 2018.

Background:

It is required by law for the Authority to adopt an annual Investment Policy. The Policy is to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds with the primary objectives of the investment activities being safety, liquidity, and return on investments

Financial Impact:

None

Supporting Documents:

Resolution No. PRWA 2018-001

PALMDALE RECYCLED WATER AUTHORITY
RESOLUTION NO. PRWA 2018-001

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PALMDALE RECYCLED WATER AUTHORITY
ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Treasurer/Auditor of the Palmdale Recycled Water Authority ("Authority") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, and report same to the be considered by the Board of Directors at a public meeting;

NOW THEREFORE; it shall be the policy of the Authority to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all statutes governing the investment of Authority funds.

PROPOSED

2.0 SCOPE

This investment policy applies to all financial assets of the Authority. These funds are accounted for in the annual authority audit.

3.0 PRUDENCE

The standard of prudence to be used by investment officers shall be the "prudent investor" standard, pursuant to California Government Code 53600.3, and shall be applied in the context of managing an overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

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

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Authority will diversify its investments by investing funds among a variety of securities with independent returns.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints and the cash flow characteristics of the portfolio.

PROPOSED

5.0 DELEGATION OF AUTHORITY

The authority to invest public funds is expressly delegated to the Board of Directors. The Board re-delegates the investment function to the Board President or Vice President and the Treasurer/Auditor.

The investment of the Authority's monies is annually delegated by the Board of Directors to the Board President or Vice President and Treasurer/Auditor who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires. The Board President or Vice President shall delegate the day-to-day operations of investing to the Treasurer/Auditor, but not the responsibility for the overall investment program. All transactions will be reviewed by the Board of Directors on a monthly basis to assure compliance with the Investment Policy. (California Government Code Section 53607.)

6.0 ETHICS AND CONFLICTS OF INTEREST

The Board, officers and employees of the Authority involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer/Auditor will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide

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

For brokers/dealers of government securities and other investments, the Authority shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA) or other applicable self-regulatory organizations.

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

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

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

Adopted

a. Bonds issued by the Authority.

b. United States Treasury Bills, Notes and Bonds.

c. 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.

d. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30% of the Authority's money which may be invested pursuant to this policy.

e. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance

with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

f. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

The Authority shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

PROPOSED

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the Authority shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the Authority by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

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

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

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

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

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

12.0 REPORTING

The Treasurer/Auditor shall submit to each member of the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Authority by third party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the Authority will meet its expenditure obligations for the next six months. The Treasurer/Auditor shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

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

PASSED, APPROVED and ADOPTED this 12th day of February, 2018, by the following vote:

AYES:_____

NOES:_____

ABSTAIN:_____ ABSENT:_____

PROPOSED

_____
Kathy Mac Laren, Chair

ATTEST:

_____
Rebecca J. Smith,
Authority Secretary

Approved as to form:

_____
Eric L. Dunn
Authority Counsel