



San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

**WQA ADMINISTRATIVE/FINANCE COMMITTEE
TO BE HELD ON TUESDAY, JUNE 13, 2023 AT 10:00 A.M.
AT
1720 W. CAMERON AVE., SUITE 100 IN WEST COVINA, CA**

Meeting Registration Link:

<https://us06web.zoom.us/meeting/register/tZYvc-6qrzIqE9KFN2r0q4-8RX-NJxV6RAxf>

A confirmation email will be sent to you with instructions on how to join the meeting virtually or a call-in option

AGENDA

Committee Members: Lynda Noriega, Mark Paulson and Robert DiPrimio

Liaison Member: Dave Michalko

- I. Call to Order
- II. Remote Participation Declaration - AB 2449
[Government Code Section 54953(f)]
 - a. Notification of Just Cause
 - b. Emergency Circumstances Requests
- III. Public Comment
- IV. Discussion Regarding Task Order for Stetson Engineering [enc]
- V. Discussion Regarding Task Order for CA Consulting Services [enc]
- VI. Discussion Regarding Continued Participation in the Coalition for Environmental Protection Restoration and Development
- VII. Discussion Regarding Cost of Living Adjustment (COLA) [enc]
- VIII. Discussion Regarding Medical Reimbursement [enc]
- IX. Discussion Regarding Reaffirming WQA Investment Policy and Guidelines [enc]
- X. Executive Director's Report
- XI. Adjournment



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: **Engineering Services for Proposition 68 Grant – Task Order 01-2021 Modification 1**

Summary

The WQA has received two State Water Resources Control Board Division of Financial Assistance (DFA) Proposition 68 grants totaling \$35.3M to fund Treatment & Remediation costs for 24 water treatment facilities for a period of 4 to 5 years. On June 16, 2021, the Board approved a Task Order 01-2021 with Stetson Engineers, Inc. (Stetson) for engineering services to process grant submittals to DFA. The Task Order has a not-to-exceed amount of \$189,000 and is a cost covered under the grant.

Recently, DFA notified WQA that it was increasing the grant funding by \$17,330,966 for an additional three years of Treatment and Remediation. Therefore, staff is recommending extending the Stetson Task Order by three years and an additional \$139,000 for a total not to exceed amount of \$328,000 for continuation of their grant submittal services. The revised amount would remain a reimbursable cost under the grant.

Recommendation

Approve Modification # 1 to Task Order 01-2021 for Stetson – extending the completion date to June 30, 2026, and increasing the amount to not-to-exceed \$328,000.

Attachments

Exhibit A-Authority Single/Sole Source Justification Form

EXHIBIT A- AUTHORITY SINGLE/SOLE SOURCE JUSTIFICATION FORM

When a request is made for a non-competitive service and the solicitation of services is limited to a single source, the requesting staff must complete the following sole source justification if the service dollar amount falls within Classes IV or V. The sole source shall be authorized by the Board as part of the approval process of the services.

Service: Engineering Services in Support of Proposition 68

Vendor: Stetson Engineers, Inc.

Estimated Dollar Amount \$328,000

Please check all applicable categories below and provide additional information where indicated:

- ☐ 1. The requested services require unique knowledge, technical skills, design and/or performance specifications or quality requirements that have not been found or are not available from similar consultants. Identify unique features and why they are required (not merely preferred):

Have you contacted other consultants or vendors to evaluate services with similar capabilities? If no, explain why not. If yes, list vendors/consultants and explain why their services do not meet the department's needs.

- ☒ 2. The services to be provided are a continuation of an existing contract, or a follow-up to work previously performed.
- ☐ 3. Services are available only from the manufacturer or designated service representative. Describe the unique qualifications, rights, licenses, etc. this vendor possesses and the distinctive service to be provided.
- ☐ 4. These services are requested in order to respond to an emergency declared by the Authority, by the state, a state agency, or political subdivision of the state and the reasons for the finding of the emergency are contained in the public records of the WQA.
- ☐ 5. Other:

I am aware of the Authority's policy for Professional Services Consultant Selection and certify that the above information is accurate to the best of my knowledge.

Executive Director: Randy Schellman

Date: 6/8/23

EXHIBIT A- AUTHORITY SINGLE/SOLE SOURCE JUSTIFICATION FORM

When a request is made for a non-competitive service and the solicitation of services is limited to a single source, the requesting staff must complete the following sole source justification if the service dollar amount falls within Classes IV or V. The sole source shall be authorized by the Board as part of the approval process of the services.

Service: Engineering Services in Support of Proposition 68

Vendor: Stetson Engineers, Inc.

Estimated Dollar Amount \$328,000

Please check all applicable categories below and provide additional information where indicated:

- ☐ 1. The requested services require unique knowledge, technical skills, design and/or performance specifications or quality requirements that have not been found or are not available from similar consultants. Identify unique features and why they are required (not merely preferred):

Have you contacted other consultants or vendors to evaluate services with similar capabilities? If no, explain why not. If yes, list vendors/consultants and explain why their services do not meet the department's needs.

- ☒ 2. The services to be provided are a continuation of an existing contract, or a follow-up to work previously performed.
- ☐ 3. Services are available only from the manufacturer or designated service representative. Describe the unique qualifications, rights, licenses, etc. this vendor possesses and the distinctive service to be provided.
- ☐ 4. These services are requested in order to respond to an emergency declared by the Authority, by the state, a state agency, or political subdivision of the state and the reasons for the finding of the emergency are contained in the public records of the WQA.
- ☐ 5. Other:

I am aware of the Authority's policy for Professional Services Consultant Selection and certify that the above information is accurate to the best of my knowledge.

Executive Director: Randy Schellman

Date: 6/8/23



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: **Accounting Services for Proposition 68 Grant – Task Order Modification 1**

Summary

The WQA has received two State Water Resources Control Board Division of Financial Assistance (DFA) Proposition 68 grants to fund Treatment & Remediation costs for 24 water treatment facilities for a period of 4 to 5 years. On April 21, 2021, the Board approved a Task Order with CA Consulting Services, LLC (CAC) for accounting services to process the reimbursements and submittals to DFA. The Task Order has a completion date of April 30, 2023 and a not-to-exceed amount of \$250,000.

Recently, DFA notified WQA that it was extending the time frame for performance to February 28, 2026, and increasing the agreements by \$17,330,966.

As the Proposition 68 grant deadlines are being extended by DFA, staff is requesting the Task Order with CAC be extended to increase the time frame of performance through June 30, 2026. This Task Order Modification 1 does not currently include an increase in the Task Order dollar amount.

Recommendation

Approve Task Order Modification 1 for CAC - extending it through June 30, 2026.



San Gabriel Basin Water Quality Authority

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DRAFT - AGENDA SUBMITTAL

To: Administrative/Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: Continued Participation in the Coalition for Environmental Protection Restoration and Development

Summary

Staff is recommending continued participation with the Coalition for Environmental Protection, Restoration and Development (CEPRD). Work with the CEPRD has included the development of the 97-005 User Guide for the permitting of highly impacted water supply wells and the additional development of training materials and training webinars on the 97-005 process. This training offered contact hours to benefit water treatment operator certification requirements. The group continues to work on the development of policies and regulations regarding contaminants of emerging concern such as PFAS and PFOA. Participants include the Division of Drinking Water, Orange County Water District, Metropolitan Water District, Los Angeles Department of Water and Power, Honeywell, Lockheed Martin, and others.

Recommendation / Proposed Action

Approve \$25,000 for continued participation in the Coalition for Environmental Protection Restoration and Development



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: **WQA Employees: Proposed increase in both Salary Ranges and Salaries**

Recommendation / Proposed Action

Recommend approval of the following:

- Increase the salary ranges for employees by 3.8%.
- Increase the salaries for employees by 3.8%.

Background and Discussion

WQA Procedure 40 establishes the Cost-of-Living Adjustment (COLA) procedures for WQA Employees. The COLA increase is based on the April Consumer Price Index for All Urban Consumers ("CPI-U"). The CPI-U percentage increase from April 2022 to April 2023 is 3.8%.

Listed below are both the current and proposed monthly salary ranges. If the increase is approved by the Board, it will be effective July 1, 2023.

<u>Job Titles</u>	<u>Current</u> <u>Monthly Salary Range</u>		<u>3.8% increase</u> <u>Monthly Salary Range</u>	
	<u>7/1/22 to 6/30/23</u>		<u>7/1/23 to 6/30/24</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Exempt Positions</u>				
Asst. Executive Director/Sr. Project Manager	\$8,858	\$15,912	\$8,858	\$16,517
Director of Finance	\$7,792	\$14,869	\$7,792	\$15,434
<u>Non-Exempt Positions</u>				
Project Resource Manager	\$4,459	\$9,335	\$4,459	\$9,689
Exec. Assistant/Public Outreach Coordinator	\$4,329	\$8,640	\$4,329	\$8,969
Admin/Accounting Assistant	\$3,636	\$6,795	\$3,636	\$7,053

Attachments:

Table 4 from Consumer Price Index CPI-U for April 2023

Table 4. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, all items index, April 2023
[1982-84=100, unless otherwise noted]

Area	Pricing Schedule ¹	Percent change to Apr. 2023 from:			Percent change to Mar. 2023 from:		
		Apr. 2022	Feb. 2023	Mar. 2023	Mar. 2022	Jan. 2023	Feb. 2023
U.S. city average.....	M	4.9	0.8	0.5	5.0	0.9	0.3
Region and area size²							
Northeast.....	M	3.8	0.0	0.2	4.3	0.3	-0.2
Northeast - Size Class A.....	M	4.1	0.0	0.1	4.8	0.5	-0.1
Northeast - Size Class B/C ³	M	3.5	-0.1	0.3	3.6	0.0	-0.4
New England ⁴	M	3.8	0.3	0.3	3.6	0.2	0.0
Middle Atlantic ⁴	M	3.9	-0.2	0.2	4.6	0.3	-0.3
Midwest.....	M	4.9	1.2	0.6	4.9	1.1	0.6
Midwest - Size Class A.....	M	4.7	1.3	0.7	4.7	1.1	0.6
Midwest - Size Class B/C ³	M	5.1	1.1	0.5	5.0	1.1	0.6
East North Central ⁴	M	5.4	1.4	0.6	5.1	1.1	0.8
West North Central ⁴	M	4.0	0.6	0.4	4.3	0.9	0.2
South.....	M	5.5	1.0	0.7	5.3	1.0	0.4
South - Size Class A.....	M	5.5	1.1	0.6	5.4	1.2	0.5
South - Size Class B/C ³	M	5.5	1.0	0.7	5.2	0.9	0.3
South Atlantic ⁴	M	6.0	1.1	0.7	5.6	1.1	0.5
East South Central ⁴	M	5.2	0.9	0.6	5.2	1.2	0.3
West South Central ⁴	M	4.8	0.9	0.7	4.7	0.7	0.2
West.....	M	4.9	1.0	0.5	5.1	1.0	0.5
West - Size Class A.....	M	5.0	0.8	0.5	5.0	0.7	0.3
West - Size Class B/C ³	M	4.8	1.1	0.4	5.2	1.4	0.7
Mountain ⁴	M	5.6	1.1	0.3	6.0	1.5	0.8
Pacific ⁴	M	4.6	0.9	0.5	4.8	0.8	0.4
Size classes							
Size Class A ⁵	M	4.9	0.8	0.5	5.0	0.8	0.3
Size Class B/C ³	M	5.0	0.9	0.5	4.9	0.9	0.3
Selected local areas							
Chicago-Naperville-Elgin, IL-IN-WI.....	M	4.8	1.6	0.8	4.4	1.2	0.8
Los Angeles-Long Beach-Anaheim, CA.....	M	3.8	0.8	0.7	3.7	-0.2	0.1
New York-Newark-Jersey City, NY-NJ-PA.....	M	3.7	0.0	0.1	4.6	0.3	-0.1
Atlanta-Sandy Springs-Roswell, GA.....	2	5.8	0.5				
Baltimore-Columbia-Towson, MD ⁶	2	5.3	0.7				
Detroit-Warren-Dearborn, MI.....	2	6.6	2.1				
Houston-The Woodlands-Sugar Land, TX.....	2	4.0	1.3				
Miami-Fort Lauderdale-West Palm Beach, FL.....	2	9.0 ^r	1.4				
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD.....	2	4.7	0.1				
Phoenix-Mesa-Scottsdale, AZ ⁷	2	7.4	1.5				
San Francisco-Oakland-Hayward, CA.....	2	4.2	0.4				
Seattle-Tacoma-Bellevue, WA.....	2	6.9	1.0				
St. Louis, MO-IL.....	2	4.2	0.6				
Urban Alaska.....	2	3.1	0.8				
Boston-Cambridge-Newton, MA-NH.....	1				4.7	0.2	
Dallas-Fort Worth-Arlington, TX.....	1				5.8	1.3	
Denver-Aurora-Lakewood, CO.....	1				5.7	1.3	
Minneapolis-St. Paul-Bloomington, MN-WI.....	1				3.4	0.4	
Riverside-San Bernardino-Ontario, CA ⁴	1				4.6	0.0	
San Diego-Carlsbad, CA.....	1				5.3	1.0	
Tampa-St. Petersburg-Clearwater, FL ⁸	1				7.7	1.1	
Urban Hawaii.....	1				3.3	0.6	
Washington-Arlington-Alexandria, DC-VA-MD-WV ⁶	1				3.7	1.3	

¹ Foods, fuels, and several other items are priced every month in all areas. Most other goods and services are priced as indicated: M - Every month.

1 - January, March, May, July, September, and November. 2 - February, April, June, August, October, and December.

² Regions defined as the four Census regions.

³ Indexes on a December 1996=100 base.

⁴ Indexes on a December 2017=100 base.

⁵ Indexes on a December 1986=100 base.

⁶ 1998 - 2017 indexes based on substantially smaller sample.

⁷ Indexes on a December 2001=100 base.

⁸ Indexes on a 1987=100 base.

r Revised

NOTE: Local area indexes are byproducts of the national CPI program. Each local index has a smaller sample size than the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalator clauses.



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: **Update to Administrative Procedure No. 30 Employee Benefits**

Recommendation

Approve the revisions to Procedure No. 30 as described below.

Discussion and Background

Procedure No. 30 defines the Employee Benefits for WQA staff as it relates to health, dental and optical. It was last updated on August 18, 1997.

WQA's health insurance is obtained through its membership in ACWA/JPIA and the dental and optical is self-insured by WQA. As shown on the attached draft, staff is requesting the following changes:

- Update the available health plans WQA offers to conform to the current plans being offered by ACWA which are Anthem Blue Cross – PPO and Kaiser Permanente Traditional HMO. Please note that these are the two plans currently offered by WQA.
- Increase the medical allowance per covered member from \$2,250 to \$3,000.
- Increase the maximum limit of the dental and optical allowance from \$4,500 to \$6,000.
- Update the dental and optical allowance to be a family benefit rather than assigning an individual limit per covered member.
- Update the definition of "Dependent" to conform to the current definition as established by the Affordable Care Act.

Attachment

Draft of Procedure No. 30 Employee Benefits for Medical, Dental and Optical

SAN GABRIEL BASIN WATER QUALITY AUTHORITY
Policy and Procedures Manual

ADMINISTRATIVE PROCEDURES

No. 30

Date: _____ Revised: _____ 8/18/97

Revised June 21, 2023

Page 1 of 1

Employee Benefits for Medical, Dental and Optical

Approved: Resolution No. 91-8

Purpose

To define the employee benefit policy established by the San Gabriel Basin Water Quality Authority ("WQA") as it relates to health, dental, and optical.

Policy

Upon sixty days of employment, the WQA shall provide, at no premium cost to its employees and their dependents, Major Medical and Health Insurance to be obtained through the WQA's membership in the Association of California Water Agencies ("ACWA") > Available plans offered are Anthem Blue Cross Classic PPO Plan or Kaiser Permanente Traditional HMO Plan.

Upon sixty days of employment, the WQA shall provide, at no premium cost to its employees and their dependents, reimbursements for actual optical and dental expenses incurred.

Medical/~~Optical/Dental~~ Allowances

The WQA provides a medical/~~optical/dental~~ allowance of \$~~32,000~~250.00 per calendar year per covered individual for reasonable expenses incurred. Incurred medical expenses must be a covered Anthem Blue Cross benefit or a Kaiser benefit to qualify for the allowance.

Optical/Dental Allowances

The combined optical and dental expenses shall not exceed \$~~6,000.00~~^{4,500.00} per family per calendar year.

Definition

“Dependent” means the legally married spouse and unmarried dependent children under the age of ~~26~~¹ years ~~old. provided that the dependent is a full time student.~~



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: June 13, 2023
Subject: Affirm WQA Investment Policy and Guidelines

Recommendation / Proposed Action

Staff is requesting that Administrative Procedure No. 26, Investment Policy and Guidelines be affirmed as of June 21, 2023.

Discussion

It is WQA's policy to submit Administrative Procedure No. 26, Investment Policy and Guidelines for affirmation by the Board at the beginning of each fiscal year. Procedure No. 26 was affirmed by the Board last fiscal year on June 22, 2022. The Policy itself was last updated on September 25, 2013, in accordance with the relevant Government Code Sections and the Local Agency Investment Guidelines. These code sections and guidelines are still in effect.

The investment guidelines require that WQA invest its public funds in a manner which will provide the highest investment return while meeting the daily cash flow demands, maintaining an appropriate risk level and conforming to all state and local statutes. Procedure No. 26 itemizes the acceptable investment instruments for the WQA and includes a specific requirement that investments be limited to a 12-month term.

Attachments

Administrative Procedure No. 26
Schedule of Investment Policy Approved Investments

SAN GABRIEL BASIN WATER QUALITY AUTHORITY
Policy and Procedure Manual

ADMINISTRATIVE PROCEDURES

No. 26

Date: 6/19/95; Revised: 9/25/13; Affirmed: 6/21/17; Affirmed: 6/20/18; Affirmed: 8/21/19;
Affirmed 8/19/20; Affirmed 6/16/21; Affirmed 6/22/22

INVESTMENT POLICY AND GUIDELINES

Approve: _____

POLICY

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.

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 Section 53601.

It is the policy of the San Gabriel Basin Water Quality Authority (WQA) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all statutes governing the investment of public funds.

PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the WQA, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. WQA's Board of Directors, acting in accordance with WQA written procedures and this 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.

SCOPE

WQA's Board of Directors may invest that portion of WQA funds not required for immediate expenditure as is deemed wise or expedient and in compliance with the governing provision of law as set forth in this investment policy.

Any reference to portfolio shall mean the total of the WQA's cash and securities under management by WQA's Board of Directors. Those securities held in trust or escrow by a trustee or escrow agent on behalf of the WQA are invested under the direction of WQA's Board of Directors and the authority and terms of the specific trust agreements and indentures related to those securities.

OBJECTIVES

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

- a. **Safety:** Safety and preservation of principal is the foremost objective of the investment program. Investments of the WQA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification and maturity limitations are required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the WQA to meet all operating requirements which might be reasonably anticipated. Securities should mature concurrent with cash needs to meet anticipated demands.
- c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk restrictions and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives.

INVESTMENT AUTHORITY

The authority of WQA's Board of Directors to invest funds is derived from Section 53601 of the California Government Code. WQA's Board of Directors shall establish procedures for the management of investment activities, including the activities of WQA staff in strict accordance with this policy. WQA's Board of Directors may retain the services of an outside investment advisor or manager to assist it with WQA's investment program. Any investment advisor selected shall make all investment decisions and transactions in strict accordance with State law, and this policy.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall not engage in any personal business activity which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Executive Director shall maintain a list of approved security broker/dealers 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 federal and state laws

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

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

ACCEPTABLE INVESTMENT INSTRUMENTS

Funds required to meet daily cash flow demands shall be held in checking accounts (interest bearing and/or non-interest bearing) of a nationally or state chartered bank or a state or federal association located within the State of California. The account balances are to be secured by federal insurance and maintained at levels that are considered necessary for the purposes for which the accounts were established.

The classes of investments, as listed below, that most adequately meet the above-mentioned criteria shall be allowed for purchase. Adequate diversification, when appropriate, from the range of authorized instruments and acceptable institutions shall be applied to these investments. For purposes of diversification, pooled-type investment funds are acceptable and the liquidity of assets in case of immediate requirements as well as the marketability of the security should be considered at the time of purchase. The investments specifically identified below which are authorized by the Government Code are allowed to be included in the WQA investment portfolio. Other types of investments that are authorized by the Government Code can be added as an amendment to the approved policy if conditions ever warrant their use.

Investments under this policy are restricted to a term of 12 months or less. Long-term investments (over one year) can be added as an amendment to the approved policy.

For each category of investment set forth below, information is first provided regarding the portfolio and maturity limitations established by California law and is then followed by the portfolio and maturity limitations that are permitted under this policy.

A. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) (California Government Code Section 16429.1)

State law: No portfolio percentage or maturity limitations.
This policy: No portfolio percentage or maturity limitations.

B. NEGOTIABLE CERTIFICATES OF DEPOSITS (California Government Code Section 53601(i))

State law: 30% portfolio limitation, 5 year maturity limitation.
This policy: 30% portfolio limitation, 1 year maturity limitation.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by California Financial Code Section 5102), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of WQA's funds that may be invested pursuant to Government Code Section 53601. WQA's Board of Directors is prohibited from investing WQA funds, or funds in the custody of WQA in negotiable certificates of deposit issued by a state or federal credit union if a member of WQA's Board of Directors or a person with investment decision-making authority at WQA also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

C. U.S. TREASURIES (California Government Code Section 53601(b))

State Law: No portfolio percentage limitation, 5 year maturity limitation.
This Policy: No portfolio percentage limitation, 1 year maturity limitation.

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.

D. U.S. AGENCIES (California Government Code Section 53601(f))

State Law: No portfolio percentage limitation, 5 year maturity limitation.
This policy: No portfolio percentage limitation, 1 year maturity limitation.

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.

SAFEKEEPING AND CUSTODY

All security transactions entered into by the WQA shall be conducted on a delivery-vs.-payment basis. All securities purchased or acquired shall be delivered to the WQA by book entry, physical delivery or by third party custodial agreement.

San Gabriel Basin Water Quality Authority
Notes to Financial Statements
Years ended June 30, 2022 and 2021

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30 consist of the following:

Investment Type	Totals as of June 30,	
	2022	2021
Cash on hand	\$ 250	\$ 250
Deposits with financial institutions	3,330,216	651,628
LAIF	6,517,864	6,499,717
	<u>\$ 9,848,330</u>	<u>\$ 7,151,595</u>

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investments Authorized by the California Government Code, the California Water Code, and the Authority's Investment Policy

The following table identifies the investment types that are authorized for the Authority by the California Government Code, and the Authority's investment policy, whichever is most restrictive. The table also identifies certain provisions of the California Government Code, and the Authority's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Authorized Investment type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Local agency bonds (c)	5 years	None	None
U.S. Treasury obligations (a)(b)	5 years	None	None
U.S. Agency securities (a)(b)	5 years	None	None
Banker's acceptances (c)	180 days	40%	30%
Commercial paper (c)	270 days	25%	10%
Negotiable certificates of deposit (a)(b)	5 years	30%	None
Repurchase agreements (c)	1 year	None	None
Reverse repurchase agreements (c)	92 days	20%	None
Medium-term notes (c)	5 years	30%	None
Money market mutual funds (c)	N/A	20%	10%
Mortgage pass-through securities (c)	5 years	20%	None
Orange County Investment Pool (c)	N/A	None	None
Local Agency Investment Fund (LAIF) (a)	N/A	None	None

(a) Investment authorized by the Authority's Investment Policy

(b) The Authority's investment policy allows a term of 12 months or less

(c) Investment is not authorized by the Authority's investment policy