

**SPECIAL MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712
12:00 P.M., MONDAY, JANUARY 26, 2009**

AGENDA

EACH ITEM ON THE AGENDA, NO MATTER HOW DESCRIBED, SHALL BE DEEMED TO INCLUDE ANY APPROPRIATE MOTION, WHETHER TO ADOPT A MINUTE MOTION, RESOLUTION, PAYMENT OF ANY BILL, APPROVAL OF ANY MATTER OR ACTION, OR ANY OTHER ACTION. ITEMS LISTED AS "FOR INFORMATION" MAY ALSO BE THE SUBJECT OF AN "ACTION" TAKEN BY THE BOARD OR A COMMITTEE AT THE SAME MEETING.

- 1. DETERMINATION OF A QUORUM**
- 2. PUBLIC COMMENT**
- 3. MINUTES OF THE SPECIAL MEETING OF DECEMBER 30, 2008**
Staff Recommendation: Approve as submitted.
- 4. DEMANDS**
Staff Recommendation: Receive and file the Demands for December 31, 2008.
- 5. FINANCIAL STATEMENTS – OCTOBER 31, 2008**
Staff Recommendation: Approve the Financial Statements for October 31, 2008.
- 6. FINANCIAL STATEMENTS – NOVEMBER 30, 2008**
Staff Recommendation: Approve the Financial Statements for November 30, 2008.
- 7. INVESTMENT REPORTS FOR THE PERIODS ENDING
OCTOBER 31, 2008 AND NOVEMBER 30, 2008**
Staff Recommendation: Approve the Investment Reports for the periods ending October 31, 2008 and November 30, 2008.
- 8. BANK RESOLUTIONS**
Staff Recommendation: Adopt Resolution No. 09-839, Resolution No. 09-840, Resolution No. 09-841, and Resolution No. 09-842 and Resolution No. 09-843.
- 9. 08/09 QUARTERLY BUDGET REVIEW**
Staff Recommendation: For information.

10. DIRECTORS EXPENSES

Staff Recommendation: Approve Directors Expenses for submittal to the Board of Directors.

11. DIRECTORS REPORTS, INQUIRIES, AND DIRECTIONS TO STAFF

12. ADJOURNMENT

Posted by Abigail C. Andom, Deputy Secretary, January 23, 2009.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the Board meeting, please contact Deputy Secretary Abigail Andom at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas and minutes are available at the District's website, www.wrd.org.

UNAPPROVED
MINUTES

UNAPPROVED
MINUTES

**MINUTES OF DECEMBER 30, 2008
MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on December 30, 2008 at 12:45 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Sergio Calderon called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

1. DETERMINATION OF A QUORUM

Directors: Sergio Calderon, Lillian Kawasaki
Staff: Scott Ota, Jenna Shaunessy

2. PUBLIC COMMENT

None.

**3. MINUTES OF THE SPECIAL MEETINGS OF NOVEMBER 18, DECEMBER 8,
AND DECEMBER 10, 2008**

The minutes were approved as submitted.

4. DEMANDS

The Committee reviewed the list of Demands for October 31, 2008. The Demands were approved for submittal to the Board of Directors to receive and file.

5. DEMANDS

The Committee reviewed the list of Demands for November 30, 2008. The Demands were approved for submittal to the Board of Directors to receive and file.

6. FINANCIAL STATEMENTS – AUGUST 31, 2008

The Committee reviewed the Financial Statements for August 31, 2008 and recommended they be submitted to the Board for approval.

7. FINANCIAL STATEMENTS – SEPTEMBER 30, 2008

The Committee reviewed the Financial Statements for September 30, 2008 and recommended they be submitted to the Board for approval.

**8. INVESTMENT REPORTS FOR THE PERIODS ENDING AUGUST 30, 2008
AND SEPTEMBER 30, 2008**

The Committee reviewed the Investment Reports for August 30, 2008 and September 30, 2008 and recommended they be submitted to the Board for approval.

9. **CONSIDERATION OF RESOLUTION NO. 08- 819– A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES; THE BOARD OF DIRECTORS OF THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT; THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY (COUNTY SANITATION DISTRICT NO. 8); THE CITY COUNCIL OF THE CITY OF CARSON; AND THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF PETITION NO. 62-608 TO COUNTY LIGHTING MAINTENANCE DISTRICT 1697**

The Committee recommended the Board adopt Resolution No. 08-819.

10. **CONSIDERATION OF RESOLUTION NO. 08- 820 – A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES; THE BOARD OF DIRECTORS OF THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT; THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY (COUNTY SANITATION DISTRICT NO. 8); THE CITY COUNCIL OF THE CITY OF CARSON; AND THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF L 064-2008 TO COUNTY LIGHTING MAINTENANCE DISTRICT 1697**

The Committee recommended the Board adopt Resolution No. 08-820.

11. **BANK RESOLUTIONS**

Chief Financial Officer Scott Ota stated that the bank resolutions for the Committee's consideration would begin WRD's relationship with the four banks the Board designated for the District's banking needs. The four financial institutions are Broadway Federal Bank, One United Bank, East West Bank, and Promerica Bank. Mr. Ota explained that the resolutions will also authorize the signers on the District accounts. He noted that as soon as the resolutions are approved by the Board, staff would begin to deposit \$250,000 each to the four banks, the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Mr. Ota also reminded the Committee to submit their comments, if any, to the proposed scope of work for independent financial advisor services. At the Committee's direction at last month's meeting, the financial advisor would assist staff in evaluating the four banking institutions as to safety, net assets and liquidity to determine which would best serve the District's banking requirements.

12. DIRECTORS EXPENSES

Director's expenses were reviewed and the Committee recommended the item be submitted to the Board for approval.

Director Kawasaki stated that she would like to request the Finance Committee to approve an over 90-day expense she had incurred, pending receipt of the hotel statement. The Committee concurred.

13. DIRECTORS REPORTS, INQUIRIES, AND REVIEW OF DIRECTIONS TO STAFF

Director Kawasaki stated that she would like the project managers to be prepared for next month's special budget review.

The Committee thanked Mr. Ota and Controller Jenna Shaunessy for their hard work on the bond issuance. Ms. Shaunessy stated that due to the perfect timing of the bond sale, staff was able to save the District \$300,000 over the term of the bond issuance. The Committee also expressed their gratitude to Scott Henry of De La Rosa and Associates, the District's underwriter, for his expertise and diligence.

14. ADJOURNMENT

With no further business for the Committee, the meeting was adjourned at 1:30 p.m.

Chairperson

ATTEST:

Director



MEMORANDUM

ITEM NO. 4

Prepared by: Binhyen Bui

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: JANUARY 26, 2009
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: DEMANDS

SUMMARY

At the request of the Finance Committee, this report will be presented by staff.

- 1. The demands list for the period December 1- December 31, 2008.
- 2. The demands sorted by vendor with an additional column showing fiscal year-to-date payments.

Demands Summary

Replenishment Fund	\$2,657,179.68
Clean Water Fund	<u>218,397.30</u>
Total	<u>\$2,875,576.98</u>

STAFF RECOMMENDATION

Approve the Demands for December 31, 2008



MEMORANDUM

ITEM NO. 5

Prepared by: Scott M. Ota
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker

DATE: JANUARY 26, 2008
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: FINANCIAL STATEMENTS – OCTOBER 31, 2008

The attached financial statements include the Statement of Net Assets (Balance Sheet) as of October 31, 2008 and the Statement of Revenues, Expenditures and Changes in Net Assets (Income Statement) for the month ending October 31, 2008. Explanation of selected account balances are as follows:

Statement of Net Assets

ASSETS

Cash — There were no major payments in October resulting in an increase of \$360,000 in cash (See liabilities below).

Accounts Receivable – There was an increase approximately \$689,000 in accounts receivable primarily due to additional usage of seasonal water (Replenishment Assessment payments are received three months after the recognized revenue).

Construction in Progress – CIP increased by approximately \$74,000 due to expenses relating to the Safe Drinking Water program, Monitoring Wells project, and the District’s administration building expenses.

LIABILITIES

There were no significant changes in October 2008.

NET ASSETS

Invested in Capital Assets – This is a formula and is related to the changes in all capital asset accounts:

<u>Accounts</u>	<u>Change</u>
Plant & Equipment	\$ 0
Construction-In-Progress	74,360
Accumulated Depreciation	(188,756)
Total	<u>\$ (114,396)</u>

Unrestricted – The Change/Variance of Total Assets, Total Liabilities and Invested in Capital Assets from September to October 2008 is \$1,109,019.

Statement of Revenues, Expenditures and Changes in Net Assets

REVENUE/EXPENSES

REVENUE

Leo J. Vander Lans Water Treatment Facility – Increased about \$115,000 due to one payment being received in October 2008 (There were no payments received in September.)

EXPENSES

Office Expenses – Increased approximately \$94,000 primarily due to annual membership dues from AWWA Research Foundation and ACWA.

Utilities – There was a decrease of electric use about \$20,000 mainly due to the Desalter facility being shut down during October.

Repair & Maintenance – The increase of \$21,000 was primarily due to the annual maintenance renewal for the District accounting software. In addition, there were varied periodically maintenance expenses for the District office and vehicles.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Approve the Financial Statements for October 31, 2008.

Water Replenishment District of Southern California
Statement of Net Assets
October 31, 2008

Assets	Total	Prior Month Total	Variance
Current Assets			
Cash and Cash Equivalents	\$ 16,490,097	\$ 16,130,248	359,849
Restricted Cash	10,524,171	10,478,219	45,952
Accounts Receivable	8,994,167	8,304,992	689,174
Deposits Receivable	144,005	144,005	-
Interest Receivable	82,470	71,223	11,247
Prepaid Expenses	107,114	118,510	(11,396)
Total Current Assets	\$ 36,342,025	\$ 35,247,197	1,094,828
Noncurrent Assets			
Notes Receivable, Noncurrent	\$ 1,785,513	\$ 1,785,513	-
Plant & Equipment	60,886,082	60,886,082	-
Land	2,644,753	2,644,753	-
Construction-In-Progress	4,410,763	4,336,403	74,360
Deferred Charges	459,775	459,775	-
Accumulated Depreciation	(11,903,029)	(11,714,273)	(188,756)
Total Noncurrent Assets	\$ 58,283,857	\$ 58,398,253	(114,396)
Total Assets	\$ 94,625,882	\$ 93,645,450	980,431
Liabilities			
Current Liabilities			
Accounts Payable	\$ 3,742,761	\$ 3,799,468	(56,706)
Interest Payable - Bond	159,827	106,551	53,276
Accrued Payroll	(623)	(623)	-
Accrued Employee Benefits	(14,296)	(3,548)	(10,748)
Accrued Postemployment	455,925	455,925	-
Deferred Compensation	5,325	5,325	-
Cal Trans 0690	6,291,429	6,291,429	-
Long term Debt - Bond Payable	14,785,000	14,785,000	-
Other Liabilities	430,400	430,400	-
Total Current Liabilities	\$ 25,855,747	\$ 25,869,926	(14,179)
Noncurrent Liabilities			
Compensated Absences	\$ 237,931	\$ 237,931	\$ -
Total Noncurrent Liabilities	\$ 237,931	\$ 237,931	\$ -
Total Liabilities	\$ 26,093,678	\$ 26,107,857	(14,179)
Net Assets			
Invested in Capital Assets	\$ 56,038,570	\$ 56,152,966	(114,396)
Unrestricted	12,493,634	11,384,627	1,109,006
Total Net Assets	\$ 68,532,204	\$ 67,537,593	994,610
Total Liabilities & Net Assets	\$ 94,625,882	\$ 93,645,450	980,431

Water Replenishment District of Southern California
Statement of Revenues, Expenditures and Changes in Net Assets
For the Month of October 2008

	Total	Prior Month Total	Variance
Revenues			
Operating Revenues			
Water Replenishment Assessments	3,181,358	3,296,335	(114,977)
Late Payment Penalties	-	-	-
MWD Subsidy	87,693	21,714	65,979
OCWD Recycled Water Product	-	-	-
Desalter Revenue	2,652	5,487	(2,835)
LJVWFT Lease	115,217	-	115,217
Title 22 Monitoring Program	-	-	-
Total Operating Revenues	<u>3,386,920</u>	<u>3,323,536</u>	<u>63,383</u>
Operating Expenses			
Cost of Water			
Spreading	47,594	87,733	(40,139)
Injected	1,130,492	1,057,354	73,138
In-Lieu	-	-	-
Connection Fees	36,165	75,517	(39,352)
Total Cost of Water	<u>1,214,251</u>	<u>1,220,604</u>	<u>(6,353)</u>
General & Administrative			
Salaries, Taxes & Benefits	311,368	317,792	(6,424)
Postemployment Benefits	-	-	-
Conference & Travel	24,312	5,721	18,592
Office Expenses	119,908	25,645	94,263
Utilities	17,496	37,528	(20,033)
Rents & Leases	11,555	4,405	7,150
Repairs & Maintenance	35,994	14,788	21,205
Material & Equipment	8,417	7,439	979
General Liability Insurance	11,396	19,805	(8,409)
Professional Fees	517,524	484,681	32,843
Other General & Administrative	5,000	-	5,000
Total General & Administrative	<u>1,062,969</u>	<u>917,804</u>	<u>145,166</u>
Depreciation	<u>188,756</u>	<u>188,756</u>	<u>-</u>
Total Operating Expenses	<u>2,465,976</u>	<u>2,327,164</u>	<u>138,812</u>
Operating Income (Loss)	<u>920,944</u>	<u>996,373</u>	<u>(75,429)</u>
Non-Operating Revenues (Expenses)			
Revenues			
Property Taxes	2,787	-	2,787
Investment Earnings	66,223	52,625	13,597
Miscellaneous	4,657	4,510	147
Total Non-Operating Revenues (Expenses)	<u>73,667</u>	<u>57,135</u>	<u>16,531</u>
Income (Loss) Before Contributions	994,610	1,053,508	(58,898)
Contributions			
Capital Contributions- Caltran Grant	-	-	-
Change in Net Assets	<u>994,610</u>	<u>1,053,508</u>	<u>(58,898)</u>



MEMORANDUM

ITEM NO. 6

Prepared by: Scott M. Ota
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker

DATE: JANUARY 29, 2008
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: FINANCIAL STATEMENTS – NOVEMBER 30, 2008

The attached financial statements include the Statement of Net Assets (Balance Sheet) as of November 30, 2008 and the Statement of Revenues, Expenditures and Changes in Net Assets (Income Statement) for the month ending November 30, 2008. Explanation of selected account balances are as follows:

Statement of Net Assets

ASSETS

Cash — Increased approximately \$1.5 million in November; this was primarily due to the timing of the receipt of District assessment payments. (Replenishment Assessment payments are received three months after the recognized revenue). In addition, there were no major payments in November (See liabilities below).

Construction in Progress – CIP increased by \$132,000 due to the Safe Drinking Water program, Monitoring Wells project, and the District’s administration building expenses.

LIABILITIES

Accounts Payable – Increased approximately \$439,000 mainly due to construction services and the air conditioning improvement for the District’s administration building. In addition, the increase was resulted from the professional services relating to conjunctive use and the annual fees for waste discharge requirements from State Water Resources Control Board.

NET ASSETS

Invested in Capital Assets – This is a formula and is related to the changes in all capital asset accounts:

<u>Accounts</u>	<u>Change</u>
Plant & Equipment	\$ 0
Construction-In-Progress	132,433
Accumulated Depreciation	<u>(188,756)</u>
Total	<u>\$ (56,323)</u>

Unrestricted – The Change/Variance of Total Assets, Total Liabilities and Invested in Capital Assets from October to November 2008 is \$1,148,343.

Statement of Revenues, Expenditures and Changes in Net Assets

REVENUE/EXPENSES

REVENUE

Water Replenishment Assessment - Decreased of \$272,000 in November was due to reduced usage of seasonal water.

MWD Subsidy – There was no operation at the Desalter facility in November resulting a decrease of \$88,000 in water production.

EXPENSES

Injected Water – Decreased approximately \$220,000 in November; this was mainly due to a major reduction of purchasing recycled water from City of Los Angeles, Department of Water & Power.

Office Expenses – Decreased of about \$63,000 due to annual membership dues from AWWA Research Foundation and ACWA that were posted in October 2008.

Professional Services – The decrease of \$83,000 was due to a reduction of laboratory expenses in November.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Approve the Financial Statements for November 30, 2008.

Water Replenishment District of Southern California
Statement of Net Assets
November 30, 2008

Assets	Total	Prior Month Total	Variance
Current Assets			
Cash and Cash Equivalents	\$ 17,995,117	\$ 16,490,097	1,505,019
Restricted Cash	10,532,643	10,524,171	8,472
Accounts Receivable	9,087,844	8,994,167	93,678
Deposits Receivable	144,005	144,005	-
Interest Receivable	113,984	82,470	31,514
Prepaid Expenses	97,154	107,114	(9,961)
Total Current Assets	\$ 37,970,747	\$ 36,342,025	1,628,722
Noncurrent Assets			
Notes Receivable, Noncurrent	\$ 1,785,513	\$ 1,785,513	-
Plant & Equipment	60,886,082	60,886,082	-
Land	2,644,753	2,644,753	-
Construction-In-Progress	4,543,197	4,410,763	132,433
Deferred Charges	459,775	459,775	-
Accumulated Depreciation	(12,091,785)	(11,903,029)	(188,756)
Total Noncurrent Assets	\$ 58,227,535	\$ 58,283,857	(56,323)
Total Assets	\$ 96,198,282	\$ 94,625,882	1,572,400
Liabilities			
Current Liabilities			
Accounts Payable	\$ 4,181,807	\$ 3,742,761	439,045
Interest Payable - Bond	213,102	159,827	53,276
Accrued Payroll	(623)	(623)	-
Accrued Employee Benefits	(26,238)	(14,296)	(11,942)
Accrued Postemployment	455,925	455,925	-
Deferred Compensation	5,325	5,325	-
Cal Trans 0690	6,291,429	6,291,429	-
Long term Debt - Bond Payable	14,785,000	14,785,000	-
Other Liabilities	430,400	430,400	-
Total Current Liabilities	\$ 26,336,127	\$ 25,855,747	480,379
Noncurrent Liabilities			
Compensated Absences	\$ 237,931	\$ 237,931	\$ -
Total Noncurrent Liabilities	\$ 237,931	\$ 237,931	\$ -
Total Liabilities	\$ 26,574,058	\$ 26,093,678	480,379
Net Assets			
Invested in Capital Assets	\$ 55,982,247	\$ 56,038,570	(56,323)
Unrestricted	13,641,977	12,493,634	1,148,343
Total Net Assets	\$ 69,624,224	\$ 68,532,204	1,092,020
Total Liabilities & Net Assets	\$ 96,198,282	\$ 94,625,882	1,572,400

Water Replenishment District of Southern California
Statement of Revenues, Expenditures and Changes in Net Assets
For the Month of November 2008

	Total	Prior Month Total	Variance
Revenues			
Operating Revenues			
Water Replenishment Assessments	2,908,876	3,181,358	(272,482)
Late Payment Penalties	-	-	-
MWD Subsidy	-	87,693	(87,693)
OCWD Recycled Water Product	-	-	-
Desalter Revenue	-	2,652	(2,652)
LJVWFT Lease	115,217	115,217	-
Title 22 Monitoring Program	-	-	-
Total Operating Revenues	<u>3,024,092</u>	<u>3,386,920</u>	<u>(362,827)</u>
Operating Expenses			
Cost of Water			
Spreading	-	47,594	(47,594)
Injected	910,366	1,130,492	(220,126)
In-Lieu	-	-	-
Connection Fees	12,928	36,165	(23,237)
Total Cost of Water	<u>923,294</u>	<u>1,214,251</u>	<u>(290,956)</u>
General & Administrative			
Salaries, Taxes & Benefits	314,277	311,368	2,909
Postemployment Benefits	-	-	-
Conference & Travel	9,033	24,312	(15,279)
Office Expenses	57,333	119,908	(62,575)
Utilities	12,518	17,496	(4,978)
Rents & Leases	5,682	11,555	(5,873)
Repairs & Maintenance	34,498	35,994	(1,496)
Material & Equipment	6,326	8,417	(2,092)
General Liability Insurance	11,396	11,396	-
Professional Fees	434,735	517,524	(82,789)
Other General & Administrative	1,050	5,000	(3,950)
Total General & Administrative	<u>886,847</u>	<u>1,062,969</u>	<u>(176,122)</u>
Depreciation	188,756	188,756	-
Total Operating Expenses	<u>1,998,897</u>	<u>2,465,976</u>	<u>(467,079)</u>
Operating Income (Loss)	<u>1,025,195</u>	<u>920,944</u>	<u>104,251</u>
Non-Operating Revenues (Expenses)			
Revenues			
Property Taxes	15,998	2,787	13,211
Investment Earnings	45,834	66,223	(20,389)
Miscellaneous	4,993	4,657	336
Total Non-Operating Revenues (Expenses)	<u>66,825</u>	<u>73,667</u>	<u>(6,841)</u>
Income (Loss) Before Contributions	1,092,020	994,610	97,410
Contributions			
Capital Contributions- Caltran Grant	-	-	-
Change in Net Assets	<u>1,092,020</u>	<u>994,610</u>	<u>97,410</u>



MEMORANDUM

ITEM NO. 7

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: JANUARY 26, 2009

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

**SUBJECT: INVESTMENT REPORTS FOR THE PERIODS ENDING OCTOBER 31, 2008
AND NOVEMBER 30, 2008**

Each month, the Finance Department reports the investment activities of the District to the Finance Committee for subsequent approval by the Board of Directors. Staff will present the investment reports for October 31, 2008 and November 30, 2008 for approval by the Finance Committee.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Approve the Investment Reports for the periods ending October 31, 2008 and November 30, 2008.



MEMORANDUM

ITEM NO. 8

Prepared by: Abbie Andom

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: JANUARY 26, 2009

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: BANK RESOLUTIONS

SUMMARY

The Board, at its June 20, 2008 meeting, discussed expanding community involvement by exploring new banking relationships with financial institutions that reinvest and finance projects in communities the District services. At the meeting, the Board took action to designate the following four community banks for the District's banking needs: Broadway Federal Bank, One United Bank, East West Bank, Promerica Bank. Resolution No. 09-839, Resolution No. 09-840, Resolution No. 09-841, and Resolution No. 09-842 will authorize staff to begin using these banks for the banking needs of the District. Resolution No. 09-843 related to Farmers and Merchants Bank will update the officers and staff allowed to act on behalf of the District while transferring funds from Farmers and Merchants Bank to the four other banks.

Initially, the Finance Committee recommended depositing \$250,000 into each of these financial institutions which is currently the maximum insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC is an independent agency of the United States government that protects against the loss of insured deposits if an FDIC-insured bank or savings association fails. FDIC deposit insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost FDIC-insured funds. Previously the FDIC insured balances up to \$100,000 but this was recently increased to \$250,000 through December 31, 2009.

The Finance Committee has requested that staff send out a Request for Qualifications in accordance with Section 10.5.1 of the District's Administrative Code for an investment advisor to assist the District with investment strategies to maximize the return on investments while maintaining the security and liquidity of District assets. Part of the scope of the investment advisor service will be to assist the District in evaluating the four community banks to insure that these institutions are reliable and stable financial institutions.

With the assistance of the investment advisor and an independent outside panelist, staff will conduct interviews with the four banks to determine which bank(s) will provide the District with its general operating needs.

FISCAL IMPACT

There is no fiscal impact for adopting the banking resolutions. The contract for the investment advisor will be brought to the Board for approval at a later time.

STAFF RECOMMENDATION

Adopt Resolution No. 09-839, Resolution No. 09-840, Resolution No. 09-841, Resolution No. 09-842 and Resolution No. 09-843.

RESOLUTION NO. 09-839

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS
WITH BROADWAY FEDERAL BANK**

Name of District: Water Replenishment District of Southern California
Address: 4040 Paramount Blvd., Lakewood California 90712
Telephone: (562) 921-5521

RESOLVED, that Broadway Federal Bank (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Controller of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Controller

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit or negotiation any and all checks, drafts, notes, bills of exchange or other

evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

President

ATTEST:

Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the _____ day of _____, 2008, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

Deputy Secretary

RESOLUTION NO. 09-840

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS
WITH EAST WEST BANK**

Name of District: Water Replenishment District of Southern California
Address: 4040 Paramount Blvd., Lakewood California 90712
Telephone: (562) 921-5521

RESOLVED, that East West Bank (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Controller of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Controller

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit or negotiation any and all checks, drafts, notes, bills of exchange or other

evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

President

ATTEST:

Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the _____ day of _____, 2008, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

Deputy Secretary

RESOLUTION NO. 09-841

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS
WITH ONE UNITED BANK**

Name of District: Water Replenishment District of Southern California
Address: 4040 Paramount Blvd., Lakewood California 90712
Telephone: (562) 921-5521

RESOLVED, that One United Bank (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Controller of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Controller

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit or negotiation any and all checks, drafts, notes, bills of exchange or other

evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

President

ATTEST:

Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the _____ day of _____, 2008, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

Deputy Secretary

RESOLUTION NO. 09-842

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS
WITH PROMERICA BANK**

Name of District: Water Replenishment District of Southern California
Address: 4040 Paramount Blvd., Lakewood California 90712
Telephone: (562) 921-5521

RESOLVED, that Promerica Bank (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Controller of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Controller

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit or negotiation any and all checks, drafts, notes, bills of exchange or other

evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

President

ATTEST:

Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the _____ day of _____, 2008, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

Deputy Secretary

RESOLUTION NO. 09-843

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA
AUTHORIZING SIGNERS ON DISTRICT ACCOUNTS
WITH FARMERS AND MERCHANTS BANK**

Name of District: Water Replenishment District of Southern California
Address: 4040 Paramount Blvd., Lakewood California 90712
Telephone: (562) 921-5521

RESOLVED, that Farmers and Merchants Bank (hereinafter called the "Bank") hereby is designated as a depository in which the funds of the District may be deposited, that any officer or the General Manager, Chief Financial Officer or the Manager of Finance and Administration of this District hereby is authorized for and on behalf of the District to open an account or accounts with said Bank to accept the provisions and conditions set forth on the Bank's signature card relating to said account or accounts, and to make arrangements for the conduct thereof as he shall deem proper, that any two of the following officers or persons, as shown on bank signature cards, for any check above \$5,000 and that any one of the following named officers or persons, as shown on bank signature cards, for a check of \$5,000 or less:

1. Director – President
2. Director – Vice President
3. Director – Treasurer
4. Director – Secretary
5. Director
6. General Manager
7. Chief Financial Officer
8. Manager of Finance and Administration

of this District, each of whom is a qualified and acting representative of this District as stated after his name, be and they (he/she) hereby are (is) authorized to sign checks of this District and orders for the payment of money withdrawing funds from the Bank, and the Bank be, and it hereby is, authorized and directed to honor and pay checks and orders so executed or drawn, whether such checks or orders be payable to the order of the person or persons signing or countersigning the same, or any of said persons or officers of this District in their individual capacities or not, and whether or not the same are deposited to the individual credit of, or are used in payment of the individual obligations of, or are tendered for cashing by, the persons signing or countersigning the same or of or by any officer or employee of this District; and that any one of said persons named above be, and he/she hereby is authorized to endorse for deposit, credit

or negotiation any and all checks, drafts, notes, bills of exchange or other evidences of indebtedness and orders for the payment of money belonging to, payable to or in the possession of this District and that all endorsements for credit may be made by the written or stamped endorsement of the name of this District without designation of the person making the same; and

RESOLVED FURTHER, that the foregoing Resolution shall remain in full force and effect until written notice of the amendment or rescission thereof shall have been delivered and receipted for by the Bank, and that the Bank be, and it hereby is authorized and directed to honor and pay checks, orders, and other items made, drawn, accepted or endorsed by the persons named above prior to the date of receipt by the Bank of the written notice of amendment or recession of the foregoing resolutions whether such checks, orders or items are presented for payment before or after the receipt by the Bank of such written notice of amendment or recession, and

RESOLVED FURTHER, that the Secretary of this District be, and hereby is, authorized and directed to certify to said Bank these resolutions and that the provisions thereof are in conformity with California Law. And that the signatures contained on these cards are genuine signatures of the persons named and referred to in the Resolution set forth above.

President

ATTEST:

Secretary

The undersigned does hereby certify that she is the Deputy Secretary of the Water Replenishment District of Southern California, a Special District of the State of California (hereinafter called the "District") and has the custody of the corporate records, minutes, and corporate seal, that at a meeting of the Board of Directors of the District duly called, convened and held in accordance with California Law, on the _____ day of _____, 2008, at which a duly authorized quorum of the members of the Board of Directors of the District were present in person, the above Resolution was duly adopted in accordance with the California Law and now is in full force and effect.

Deputy Secretary



MEMORANDUM

ITEM NO. 9

Prepared by: Scott M. Ota
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker

DATE: JANUARY 26, 2009
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: 08/09 QUARTERLY BUDGET REVIEW

SUMMARY

The Finance Committee requested that staff present a first quarter review of the budgeted amounts for project and program accounts to the actual expenses of the first quarter of fiscal 2008/09. Staff will present budget versus actual comparisons to the Finance Committee and discuss selected items. Staff is also in the process of preparing the annual midyear budget review which will be presented to the Finance Committee at their March 2009 meeting.

FISCAL IMPACT

None

STAFF RECOMMENDATION

For information