

**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., WEDNESDAY, JUNE 15, 2011**

**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" OR "FOR DISCUSSION" 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 MEETINGS OF APRIL 20, 2011, APRIL 26, 2011, MAY 5, 2011 AND MAY 18, 2011**  
*Staff Recommendation: Approve as submitted.*
- 4. DEMANDS – APRIL 2011**  
*Staff Recommendation: Receive and file the Demands for April 30, 2011*
- 5. FINANCIAL STATEMENTS – APRIL 30, 2011**  
*Staff Recommendation: Approve the Financial Statements for submittal to the Board of Directors.*
- 6. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING APRIL 30, 2011**  
*Staff Recommendation: Approve the Investment Report for submittal to the Board of Directors.*
- 7. PROPOSED AUDIT COMMITTEE CHARTER**  
*Staff Recommendation: Recommend adoption of an Audit Charter to the Board of Directors.*
- 8. INVESTMENT POLICY**  
*Staff Recommendation: For discussion.*
- 9. DIRECTORS EXPENSES**  
*Staff Recommendation: Approve Directors Expenses for submittal to the Board of Directors.*

**10. DIRECTORS REPORTS, INQUIRIES, AND FOLLOW-UP OF DIRECTIONS TO STAFF**

**11. ADJOURNMENT**

Posted by Abigail C. Andom, Deputy Secretary, June 9, 2011.

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](http://www.wrd.org).

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MINUTES

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**MINUTES OF APRIL 20, 2011  
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 April 20, 2011 at 12:08 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Albert Robles called the meeting to order and presided thereafter. Deputy Secretary Abigail C. Andom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

Directors: Albert Robles, Sergio Calderon  
Staff: Scott Ota, Jenna Shaunessy

**2. PUBLIC COMMENT**

None.

**3. MINUTES OF THE MEETINGS OF MARCH 4, 2011, MARCH 16, 2011, AND MARCH 31, 2011**

The minutes were approved as submitted.

**4. BUDGET WORKSHOP #2 – WRD FISCAL YEAR 11-12 DRAFT BUDGET**

Manager of Finance and Accounting Jenna Shaunessy presented the draft fiscal year 2011-12 budget, noting the value of groundwater and that increasing spreading water costs in the Central Basin have a direct pass-through impact to WRD's replenishment assessment. Ms. Shaunessy stated that the Central Basin MWD surcharge is currently \$86 per acre-foot or a 39% increase from prior year, the West Basin MWD surcharge is \$95 per acre-foot or a 43% increase from prior year.

Ms. Shaunessy also stated that during the 2010-11 rate assessment workshop series, WRD, along with input from the stakeholders, developed a five-year forecast which anticipated a \$229 per acre foot replenishment assessment. She stated that the material difference between the \$229 per acre foot projection and the 2011-12 draft budget is related to additional increases in water costs, project/programs, litigation costs and possible debt financing.

Chief Financial Officer Scott Ota presented different scenarios for the 2011-12 budget. Discussion followed.

**5. DEMANDS – FEBRUARY 2011**

The Committee reviewed the list of Demands for February 2011. The Demands were approved for submittal to the Board of Directors.

**6. FINANCIAL STATEMENTS – FEBRUARY 28, 2011**

The Committee reviewed the Financial Statements for February 28, 2011 and recommended they be submitted to the Board for approval.

**7. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING FEBRUARY 28, 2011**

The Committee reviewed the Investment Report for the period ending February 28, 2011 and recommended they be submitted to the Board for approval.

**8. FINANCIAL ADVISOR REQUESTS FOR QUALIFICATIONS**

Chief Financial Officer Scott Ota stated that staff, in anticipation of a future debt issuance, is looking at the possibility of hiring a financial advisor. Mr. Ota explained that a financial advisor helps to ensure that the debt financing reflects the one most suited for their client and has the fiduciary duty with a sole focus to make sure that the terms of the debt transaction and the results are the most advantageous for their client. He noted that the financial advisor coordinates the interaction between the members of the financing team as well as coordinate with the bond rating agencies (Standard and Poor's and Fitch Ratings) to describe the District's financial stability. Finally, he added that the financial advisor acts as a pricing advisor to ensure that the WRD receives the best possible pricing of its debt.

Discussion followed. The Committee recommended the Board amend the contract of Fieldman Rolapp & Associates, the District's financial advisors for its 2004 and 2008 debt issuance, to serve as the financial advisor for the future debt issuance. The Committee also recommended the Board approve the issuance of a request for qualifications (RFQ) for a financial advisor to assist staff on an "as needed" basis.

**9. UNDERWRITER REQUESTS FOR QUALIFICATIONS**

Mr. Ota stated that on March 21, 2011, the Finance Committee recommended that the Board approve the issuance of a request for qualifications (RFQ) for Public Bond Underwriter Services. He added that the Board approved the issuance of an RFQ on March 25, 2011. He stated that the RFQ was posted on the WRD website and sent to various investment firms. Mr. Ota stated that the WRD received 16 responses to the Underwriter RFQ.

Discussion followed and the Committee recommended the item be continued to the next Finance Committee meeting.

**10. EXPENSES OVER 90 DAYS**

The Committee recommended the Board approve the expense reimbursements over 90 days.

**11. DIRECTORS EXPENSES**

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

**12. DIRECTORS REPORTS, INQUIRIES AND FOLLOW-UP OF DIRECTIONS TO STAFF**

None.

**13. ADJOURNMENT**

With no further business for the Committee, the meeting was adjourned at 1:10 p.m.

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Chair

ATTEST:

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Director



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**MINUTES OF APRIL 26, 2011  
SPECIAL MEETING OF THE FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A special meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on April 26, 2011 at 12:00 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Albert Robles called the meeting to order and presided thereafter. Deputy Secretary Abigail C. Andom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

Directors: Albert Robles, Sergio Calderon  
Staff: Scott Ota, Jenna Shaunessy

**2. PUBLIC COMMENT**

None.

**3. BUDGET WORKSHOP #3 – WRD FISCAL YEAR 11-12 DRAFT BUDGET**

Manager of Finance and Accounting Jenna Shaunessy presented the draft fiscal year 2011-12 budget, noting that spreading water costs in the Central Basin have a direct unavoidable pass through impact to WRD's replenishment assessment.

Chief Financial Officer Scott Ota presented different scenarios for the 2011-12 budget. Discussion followed and the Committee made recommendations as to each scenario.

**4. DIRECTORS EXPENSES**

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

**5. ADJOURNMENT**

With no further business for the Committee, the meeting was adjourned at 12:40 p.m.

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Chair

ATTEST:

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Director

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**MINUTES OF MAY 5, 2011  
SPECIAL MEETING OF THE FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A special meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on May 5, 2011 at 3:25 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Albert Robles called the meeting to order and presided thereafter. Deputy Secretary Abigail C. Adom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

Directors: Albert Robles, Sergio Calderon  
Staff: Robb Whitaker, Scott Ota, Jenna Shaunessy

**2. PUBLIC COMMENT**

None.

**3. WRD DRAFT BUDGET 2011-2012 BUDGET REVIEW**

Chief Financial Officer Scott Ota presented different scenarios for the 2011-12 budget. Discussion followed and the Committee made recommendations as to each scenario.

**4. COMMUNITY BANKING PROGRAM – PREFERRED BANK**

The Committee recommended the Board adopt a resolution approving Preferred Bank as a participant in the District's Community Banking program.

**5. DIRECTORS EXPENSES**

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

**6. DIRECTORS REPORTS, INQUIRIES, AND FOLLOW UP OF DIRECTIONS TO STAFF**

None.

**7. ADJOURNMENT**

With no further business for the Committee, the meeting was adjourned at 4:25 p.m.

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Chair

ATTEST:

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Director

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UNAPPROVED  
MINUTES

**MINUTES OF MAY 18, 2011  
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 May 18, 2011 at 12:05 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Albert Robles called the meeting to order and presided thereafter. Deputy Secretary Abigail C. Adom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

Directors: Albert Robles, Sergio Calderon  
Staff: Scott Ota, Jenna Shaunessy  
Guests: John Quinn, Roberto Manzano, Richard Rowley of  
Promerica Bank

**2. PUBLIC COMMENT**

None.

The agenda items were taken out of order.

**8. PROMERICA BANK COMMUNITY BANKING UPDATE**

Representatives from Promerica Bank provided an update on Promerica's banking partnership with the District. John Quinn, President and Chief Executive Officer of Promerica Bank, stated that approximately \$70 million is invested by Promerica in cities within WRD's service area, 80% of which are loans. He stated that WRD's deposits help Promerica Bank support businesses within the District's service area by providing access to capital and the financial tools to be successful.

**9. LETTER OF INTEREST**

Manager of Finance and Administration Jenna Shaunessy stated that staff would like the Finance Committee to review ways to finance the purchase of seasonal spreading water now that Metropolitan Water District (MWD) has it available for the first time since May 2007 and only through the December 31, 2011. Ms. Shaunessy stated that an estimated 225,000 acre-feet of discounted replenishment water will be available to purchase. She asked the representatives from Promerica Bank to present their proposal for borrowing funds.

Richard Rowley, Senior Vice President and Team Manager Commercial Lending of Promerica Bank discussed the proposed funding options. Mr. Rowley stated that the first option is a revolving line of credit, which is supported by 60% of a property's (real estate) appraised value (in this case, the WRD building). He

stated that the second option is a term loan, which is supported by 90% of a property's appraised value up to a maximum of \$5 million.

Discussion followed. The Committee directed staff to commence the process of expressing the District's interest in securing a term loan.

**3. MINUTES OF THE MEETING OF APRIL 8, 2011**

The minutes were approved as submitted.

**4. PROPOSED AUDIT COMMITTEE CHARTER**

Manager of Finance and Administration Jenna Shaunessy stated that at the May 9, 2011 Administrative Committee meeting, the Committee reviewed the duties and responsibilities of the Board's standing committees. Ms. Shaunessy explained that a draft audit charter was also reviewed at the Administrative Committee meeting, which would document the responsibilities of the proposed Audit Committee. She noted that the Administrative Committee recommended that the Finance Committee review the proposed audit charter to make a final recommendation to the Board.

The Committee asked that the item be continued to the next Finance Committee meeting.

**5. DEMANDS – MARCH 2011**

The Committee reviewed the list of Demands for March 2011. The Demands were approved for submittal to the Board of Directors to receive and file.

**6. FINANCIAL STATEMENTS – MARCH 31, 2011**

The Committee reviewed the Financial Statements for March 31, 2011 and recommended they be submitted to the Board for approval.

**7. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING MARCH 31, 2011**

The Committee reviewed the Investment Report for the period ending March 31, 2011 and recommended they be submitted to the Board for approval.

**10. DIRECTORS EXPENSES**

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

**11. DIRECTORS REPORTS, INQUIRIES AND FOLLOW-UP OF DIRECTIONS TO STAFF**

None.

**12. ADJOURNMENT**

With no further business for the Committee, the meeting was adjourned at 1:10 p.m.

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Chair

ATTEST:

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Director





**MEMORANDUM**

**ITEM NO. 4**

*Prepared by: Binhyen Bui  
Reviewed by: Scott M. Ota  
Approved by: Robb Whitaker*

**DATE: JUNE 15, 2011**  
**TO: FINANCE COMMITTEE**  
**FROM: ROBB WHITAKER, GENERAL MANAGER**  
**SUBJECT: DEMANDS - APRIL 2011**

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**SUMMARY**

At the request of the Finance Committee, the following items are attached:

- 1. The demands list for the period April 1st, 2011 – April 30th, 2011.
- 2. The demands sorted by vendor with an additional column showing fiscal year-to-date payments

**Demands Summary – April 2011**

Replenishment Fund	\$ 9,087,777.01
Clean Water Fund	<u>322,201.70</u>
Total	<u>\$ 9,409,978.71</u>

**STAFF RECOMMENDATION**

Receive and file the Demands for April 30, 2011.





DIRECTORS

SERGIO CALDERON, PRESIDENT  
 WILLARD H. MURRAY, JR., VICE PRESIDENT  
 ROBERT KATHERMAN, SECRETARY  
 ALBERT ROBLES, TREASURER  
 LILLIAN KAWASAKI, DIRECTOR  
 ROBB WHITAKER, P.E., GENERAL MANAGER

July 15, 2011

Board of Directors  
 Water Replenishment District of Southern California

Submitted herewith for action by the Board of Directors are the following demands for the period ending April 30, 2011

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
P0079	ALBERT ROBLES	04/11 DIRECTORS COMPENSATION (PART I)	679.71	638.93	40.78
P0079	ALBERT ROBLES	04/11 EXPENSE REIMBURSEMENT	1,807.60	1,699.14	108.46
P0083	ALBERT ROBLES	03/11 DIRECTORS COMPENSATION	595.31	559.59	35.72
P0085	ALBERT ROBLES	04/11 DIRECTORS COMPENSATION (PART II)	1,052.05	988.93	63.12
P0082	LILLIAN Y. KAWASAKI	03/11 DIRECTORS COMPENSATION	640.30	601.89	38.41
P0080	SERGIO J. CALDERON	04/11 DIRECTORS COMPENSATION (PART I)	1,992.61	1,873.04	119.57
P0080	SERGIO J. CALDERON	04/11 EXPENSE REIMBURSEMENT	278.66	261.94	16.72
P0084	SERGIO J. CALDERON	04/11 DIRECTORS COMPENSATION (PART II)	667.03	627.01	40.02
P0084	SERGIO J. CALDERON	04/11 EXPENSE REIMBURSEMENT	452.46	425.31	27.15
DD	WILLARD H. MURRAY, JR	03/11 DIRECTORS COMPENSATION	701.53	659.43	42.10
DD	ROBERT E. KATHERMAN	03/11 DIRECTORS COMPENSATION	999.56	939.59	59.97
DD	ROBERT E. KATHERMAN	04/11 DIRECTORS COMPENSATION	999.56	939.59	59.97
P0081	ROBERT E. KATHERMAN	03/11 EXPENSE REIMBURSEMENT	507.79	477.33	30.46
P0086	ROBERT E. KATHERMAN	04/11 EXPENSE REIMBURSEMENT	497.82	467.95	29.87
DD	AFSCME LOCAL 1902 UNION	UNION DUES	577.80	483.50	94.30
DD	AFSCME LOCAL 1902 UNION	UNION DUES	577.80	480.70	97.10
DD	EDD	DIR STATE TAX W/H	59.41	55.85	3.56
DD	EDD	STATE TAX DEPOSIT	3.77	3.54	0.23
DD	EDD	STATE TAX DEPOSIT	12.32	11.58	0.74
DD	EDD	STATE TAX DEPOSIT	4,802.61	3,942.35	860.26
DD	EDD	STATE TAX DEPOSIT	4,749.29	3,818.98	930.31
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	75,079.42	63,024.05	12,055.37
DD	EMPLOYEE PAYROLL	SALARY EXPENSE	74,653.42	61,939.30	12,714.12
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	430.43	404.60	25.83
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	328.00	308.32	19.68
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	3,343.09	3,142.51	200.58
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	193.00	181.42	11.58
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	608.23	571.74	36.49
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	1,915.00	1,800.10	114.90
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	637.51	599.26	38.25
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	6,988.68	6,569.36	419.32
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	2,102.54	1,976.39	126.15
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	3,475.57	3,267.03	208.54
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	78.55	73.84	4.71
DD	FLEX-PLAN SERVICES, INC	HRA REIMBURSEMENT	193.00	181.42	11.58
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	25.00	23.50	1.50
DD	FLEX-PLAN SERVICES, INC	HRA & FSA REIMBURSEMENT	189.97	178.57	11.40
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	2,121.79	1,994.48	127.31
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	465.82	437.88	27.94
DD	INTERNAL REVENUE SERVICE	DIR FEDERAL TAX DEPOSIT	599.38	563.42	35.96
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	29,625.22	24,676.35	4,948.87
DD	INTERNAL REVENUE SERVICE	FEDERAL TAX DEPOSIT	29,440.80	24,329.04	5,111.76
DD	PARS	DIR PARS PAYMENT	2,079.73	1,954.95	124.78
DD	PARS	DIR PARS PAYMENT	776.32	729.74	46.58
DD	PARS	DIR PARS PAYMENT	759.98	714.38	45.60
DD	PRUDENTIAL	DIR DEFERRED COMP	5,959.50	5,601.93	357.57
DD	PRUDENTIAL	DIR DEFERRED COMP	811.60	762.91	48.69
DD	PRUDENTIAL	DIR DEFERRED COMP	1,500.00	1,410.00	90.00
DD	PRUDENTIAL	DEFERRED COMP	26,481.41	22,566.88	3,914.53
DD	PRUDENTIAL	DEFERRED COMP	24,789.14	20,430.25	4,358.89
DD	PERS	DIR PERS PAYMENT	234.07	220.03	14.04
DD	PERS	DIR PERS PAYMENT	351.12	330.04	21.08
DD	PERS	PERS PAYMENT	26,905.50	22,552.58	4,352.92
DD	PERS	PERS PAYMENT	26,922.51	22,313.85	4,608.66
2791	FRANCHISE TAX BOARD	PAYROLL DEDUCTION	233.79	219.76	14.03



Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2826	FRANCHISE TAX BOARD	PAYROLL DEDUCTION	100.00	94.00	6.00
2839	FRANCHISE TAX BOARD	PAYROLL DEDUCTION	350.69	329.65	21.04
2653	DISCOVERY SCIENCE CENTER	2011 GRNDWTR FEST EDU PROG	(2,539.20)	(2,386.85)	(152.35)
2739	UNICORPS INTERNATIONAL	04/05/11 PAINTING MAINT SERVICE	645.00	606.30	38.70
2740	ACCOMTEMPMS	TEMP SERVICE THRU 03/18/11 - MW	2,046.40	1,923.62	122.78
2741	ADT SECURITY SERVICES	SECURITY MAINT MATERIALS	43.90	41.27	2.63
2742	CALIFORNIA SOCIETY OF CPA'S	05/01/11-04/30/12 MEMB DUES - SO	399.00	375.00	23.94
2743	CDW GOVERNMENT	COMPUTER SUPPLIES	638.30	600.00	38.30
2744	CBMWD	02/11 WATER PURCHASE	4,353,082.90	4,353,082.90	-
2745	CERRITOS CHAMBER	STATE OF THE CITY LUNCHEON	400.00	376.00	24.00
2746	CHANNING BETE COMPANY	EDUCATIONAL MATERIALS	1,259.98	1,184.38	75.60
2747	CHEVRON AND TEXACO	MONTHLY FUEL CHARGES	222.84	160.99	61.85
2748	COMMERCIAL DOOR METAL	DOOR MAINT SERVICE	5,830.00	5,480.20	349.80
2749	FEDERAL EXPRESS	FEDEX SERVICE	231.07	156.78	74.29
2750	GOVT FINANCE OFFICERS ASSOC	06/01/11-05/31/12 MEMB DUES - SO	160.00	150.40	9.60
2751	IN-N-OUT BURGER	2011 GRNDWTR FESTIVAL EVENT	1,198.96	1,127.02	71.94
2752	KELLY PAPER	PAPER SUPPLIES	290.62	273.18	17.44
2753	LA OPINION	03/07/11-03/13/11 NEWSPAPER AD	1,000.00	940.00	60.00
2754	VOID	VOID	-	-	-
2755	LEGISLATIVE ADVOCACY	005: 12/10 LEGISLATIVE SERVICE	10,000.00	10,000.00	-
2756	LONG BEACH, CITY OF	001: 03/11 O & M SERVICE	100,000.00	100,000.00	-
2757	LONG BEACH, CITY OF	02/11 WATER PURCHASE	138,115.60	138,115.60	-
2758	NORWALK PRINTING	BUSINESS CARDS	192.06	180.54	11.52
2759	OFFICE TEAM	TEMP SERVICE THRU 03/18/11	3,717.39	3,494.35	223.04
2760	PACIFIC FORD INC.	2008 FORD F-250 MAINT SERVICE	52.00	26.00	26.00
2761	PR NEWSWIRE ASSOCIATION	01/31/11-01/30/12 PRESS RELEASE	5,800.00	5,452.00	348.00
2762	RANDOM LENGTHS NEWS	02/25/11-03/10/11 GRNDWTR FEST AD	340.00	319.60	20.40
2763	REGIS-RECORDER/COUNTY CLERK	2010 GENERAL ELECTION	1,458,029.87	1,370,548.08	87,481.79
2764	T & A SIGNS & PRINTING	PRINTING SERVICE	764.75	718.87	45.88
2765	TESTAMERICA	006: 03/11 PROF SERVICE	1,798.00	-	1,798.00
2766	THE SIGNAL TRIBUNE	03/18/11 NEWSPAPER AD	600.00	564.00	36.00
2767	TORRANCE, CITY OF	002: 01/11 O & M SERVICE	45,461.80	-	45,461.80
2768	TORRANCE, CITY OF	002: 04/11 PLANT SITE RENT	3,373.48	-	3,373.48
2769	TRES ES, LLC	02/11 LEGISLATIVE SERVICE	9,000.00	8,460.00	540.00
2770	VERIZON WIRELESS	MONTHLY CELL PHONE SERVICE	2,572.43	2,418.09	154.34
2771	WAVELENGTH AUTOMATION	05/01/11-04/30/12 SUBSCRIPTION FEE	1,188.00	1,116.72	71.28
2772	WEST BASIN MWD	02/11 WATER PURCHASE	1,622,101.80	1,622,101.80	-
2773	XEROX CORPORATION	03/11 COPIER SERVICE - TR561586	728.52	684.81	43.71
2774	COUNTY SANITATION DISTRICT 2	002: 3RD QTR WWTS PAYMENT	18,242.00	-	18,242.00
2775	DMJ CONSULTING GROUP	011: 02/24/11-03/23/11 PROF SERVICE	2,697.43	1,348.72	1,348.71
2776	HELPMATES STAFFING	TEMP SERVICE THRU 03/13/11 - MC	3,904.56	3,670.29	234.27
2777	INTERA INCORPORATED	025: 02/01/11-02/28/11 PROF SERVICE	9,214.00	9,214.00	-
2778	TORRANCE, CITY OF	002: 02/11 O & M SERVICE	37,987.04	-	37,987.04
2779	TROJAN TECHNOLOGIES	ULTRAVIOLET LIGHT SENSOR	5,523.43	5,523.43	-
2780	COUNTY SANITATION DISTRICT 2	001: 3RD QTR WWTS PAYMENT	35,870.00	35,870.00	-
2781	1-800-CONFERENCE(R)	025: 03/11 CONFERENCE CALLS	886.44	443.22	443.22
2782	ACCOMTEMPMS	TEMP SERVICE THRU 03/25/11 - MW	2,046.40	1,923.62	122.78
2783	AT&T	002: MONTHLY PHONE SERVICE	243.85	-	243.85
2784	BUZZ BASKETBALL ACADEMY	COMMUNITY SPONSOR EVENT	650.00	611.00	39.00
2785	COSTCO BUSINESS DELIVERY	KITCHEN SUPPLIES	416.05	391.09	24.96
2786	DISCOVERY SCIENCE CENTER	2011 GRNDWTR FEST EDUCATIONAL	2,539.20	2,386.85	152.35
2787	LEAL & TREJO APC	033: 01/11 LEGAL SERVICE	36,307.92	34,382.58	1,925.34
2788	OFFICE TEAM	TEMP SERVICE THRU 03/25/11 - KH	2,380.02	2,237.22	142.80
2789	URBAN WATER INSTITUTE	REGISTRATION FEE - RW	350.00	329.00	21.00
2790	XEROX CORPORATION	04/11 COPIER SERVICE - FR#550179	4,945.33	4,648.61	296.72
2792	UNION BANK OF CALIFORNIA	DEPOSIT FOR NEW ACCOUNT	240,000.00	225,600.00	14,400.00
2793	ACCOMTEMPMS	TEMP SERVICE THRU 04/01/11 - MW	1,637.12	1,538.89	98.23
2794	ARCADIA SIGN COMPANY	WRD BRONZE PLAQUE	1,151.47	1,082.38	69.09
2795	CH2M HILL	005: PROF SERVICE THRU 12/31/10	110,550.27	110,550.27	-
2796	FEDERAL EXPRESS	FEDEX SERVICE	115.24	110.32	4.92
2797	VOID	VOID	-	-	-
2798	GEOTECH	011: FIELD SUPPLIES	1,932.12	966.06	966.06
2799	HELPMATES STAFFING	TEMP SERVICE THRU 03/27/11 - MC	2,214.08	2,081.24	132.84
2800	JAN-PRO CLEANING	04/11 JANITORIAL SERVICES	2,743.00	2,578.42	164.58
2801	LOS ANGELES, CITY OF DWP	02/22/11-03/22/11 WATER PURCHASE	60,895.89	60,895.89	-
2802	NELLOR ENVIRONMENTAL	004: 02/11 & 03/11 PROF SERVICE	1,890.00	1,890.00	-
2803	ARC	025: ENGINEERING SURVEY REPORTS	1,337.95	668.98	668.97
2804	OFFICE TEAM	TEMP SERVICE THRU 04/01/11 - MT	2,542.04	2,389.52	152.52
2805	PARS	02/11 REP FEES	500.00	470.00	30.00
2806	PEPSI BOTTLING	SUPPLIES	287.18	269.95	17.23
2807	RMC	033: PROF SERVICE THRU 11/26/10	33,832.71	33,832.71	-
2808	RMC	033: TEMP SERVICE THRU 12/31/10	48,039.09	48,039.09	-
2809	RMC	033: PROF SERVICE THRU 01/28/11	10,999.24	10,999.24	-
2810	SOUTHERN CALIFORNIA EDISON	03/11 ENERGY USAGE	2,550.32	2,397.30	153.02

Check #	Payee	Description	Total	Replenishment Fund	Clean Water Fund
2811	SOUTHERN CALIFORNIA EDISON	002: ENERGY USAGE THRU 04/07/11	14,622.85	-	14,622.85
2812	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	1,176.78	1,106.18	70.60
2813	THE GAS COMPANY	MONTHLY UTILITY CHRGS	333.83	313.80	20.03
2814	TIME WARNER CABLE	MONTHLY INTERNET SERVICE	1,000.00	940.00	60.00
2815	TORRANCE, CITY OF	002: 05/11 PLANT SITE RENT	3,373.48	-	3,373.48
2816	TRES ES, LLC	03/11 LEGISLATIVE SERVICE	9,000.00	8,460.00	540.00
2817	VERIZON COMMUNICATION	MONTHLY PHONE CHARGES	355.56	334.23	21.33
2818	WESTERN EXTERMINATOR	03/11 PESTICIDE SERVICE	65.00	61.10	3.90
2819	VOID	VOID	-	-	-
2820	VOID	VOID	-	-	-
2821	WILMINGTON CHAMBER	2011 SPRING GALA EVENT	500.00	470.00	30.00
2822	XEROX CORPORATION	04/11 COPIER SERVICE - TR#561586	4,799.73	4,511.74	287.99
2823	GEIGER WEST MONROVIA	PROMOTIONAL ITEMS	2,015.01	1,894.11	120.90
2824	GEIGER WEST MONROVIA	PROMOTIONAL ITEMS	8,626.57	8,108.97	517.60
2825	ROBERT E. BUSH	005: 02/11 PROF SERVICE	3,000.00	3,000.00	-
2827	PEOPLE WHO CARE	2011 ACADEMIC ACHIEVEMENT EVENT	1,500.00	1,410.00	90.00
2828	ACWA JPIA	01/01/11 - 03/31/11 WORKERS' COMP	7,540.00	6,198.00	1,342.00
2829	BROWNSTEIN HYATT FARBER	01/11 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2830	DMJ CONSULTING GROUP	011: PROF SERVICE THRU 02/23/11	1,482.50	741.25	741.25
2831	EASTERN GROUP PUBLICATIONS	03/03/11 GRNDWTR FEST AD	1,008.00	947.52	60.48
2832	LOS ANGELES SENTINEL	03/03/11 GRNDWTR FEST AD	1,102.00	1,035.88	66.12
2833	OUR WEEKLY	03/10/11 GRNDWTR FEST AD	489.92	460.52	29.40
2834	RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	1,190.71	1,119.27	71.44
2835	RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	2,277.43	2,140.78	136.65
2836	RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	2,217.56	2,084.51	133.05
2837	SWRCB	002: WDR VIOLATION FEE	3,000.00	-	3,000.00
2838	F&M BANK: CC PAYMENT	03/11 CC CHARGES	4,546.93	4,274.11	272.82
2840	BINHUYEN BUI FOR WRD	PETTY CASH REIMBURSEMENT	465.58	437.64	27.94
2841	MILLENNIUM ADVOCATES	LEGISLATIVE SERVICE THRU 04/11	30,401.40	28,577.32	1,824.08
2842	WATER WISE CONSULTING	ECO GARDENER WORKSHOP	16,706.25	15,703.87	1,002.38
2843	ACCONTEMPS	TEMP SERVICE THRU 04/15/11 - MW	2,046.40	1,923.62	122.78
2844	ACWA Health Benefit Authority	05/11 EAP PREMIUM	130.98	123.13	7.85
2845	ACWA - HBA	05/11 MED/DEN/LIFE PREMIUM	55,467.96	52,139.89	3,328.07
2846	CLEAN SOURCE	GENERAL SUPPLIES	322.34	303.00	19.34
2847	COUNTY SANITATION DISTRICT 2	01/11 WATER PURCHASE - WN	5,725.30	5,725.30	-
2848	COUNTY SANITATION DISTRICT 2	02/11 WATER PURCHASE - WN	3,628.80	3,628.80	-
2849	TETRA TECH GEO	025: PROF SERVICE THRU 02/25/11	21,706.00	10,853.00	10,853.00
2850	HELPMATES STAFFING	TEMP SERVICE THRU 04/10/11 - MC	1,795.20	1,687.49	107.71
2851	INTERIOR PLANT DESIGN	001: 04/11 MAINT SERVICE	2,000.00	1,816.00	184.00
2852	KELLY PAPER	PAPER SUPPLIES	528.53	496.82	31.71
2853	LA COUNTY FLOOD CONTROL	023: 02/11 PROF SERVICE	31,965.71	31,965.71	-
2854	LONG BEACH, CITY OF	001: 04/11 O & M SERVICE	100,000.00	100,000.00	-
2855	LONG BEACH, CITY OF	03/11 WATER PURCHASE	179,460.40	179,460.40	-
2856	MARTIN E WHELAN, JR.	05/11 MEDICAL PREMIUM	733.45	689.44	44.01
2857	McMASTER-CARR SUPPLY	011: MAINT SERVICE	115.55	57.78	57.77
2858	OFFICE TEAM	TEMP SERVICE THRU 04/15/11 - KH	2,542.46	2,389.91	152.55
2859	ROBERT E. BUSH	005: 03/11 PROF SERVICE	3,000.00	3,000.00	-
2860	SEPARATION PROCESSES	002: 03/11 PROF SERVICE	230.00	-	230.00
2861	STANDARD INSURANCE	05/11 STD/LI TD PREMILIM	1,374.00	1,291.56	82.44
2862	STAR OFFICE PRODUCTS	OFFICE SUPPLIES	218.40	205.30	13.10
2863	ACCONTEMPS	TEMP SERVICE THRU 04/08/11 - MW	1,637.12	1,538.89	98.23
2864	ALBRIGHT, YEE & SCHMIT	03/11 LEGAL SERVICES	6,727.32	6,323.68	403.64
2865	BARBARA ANN BAXTER	MEDICAL REIMBURSEMENT	149.92	140.92	9.00
2866	BROWNSTEIN HYATT FARBER	02/11 LEGISLATIVE SERVICE	15,000.00	14,100.00	900.00
2867	CALIFORNIA WATER SERVICE	WATER USAGE THRU 04/19/11	52.43	49.29	3.14
2868	FEDERAL EXPRESS	FEDEX SERVICE	542.08	509.56	32.52
2869	INTER-TEL NETSOLUTIONS	MONTHLY PHONE CHARGES	848.98	798.04	50.94
2870	LAKWOOD, CITY OF	WATER USAGE THRU 04/20/11	168.56	158.45	10.11
2871	VERIZON BUSINESS	MONTHLY INTERNET SERVICE	622.63	585.27	37.36
2872	OFFICE TEAM	TEMP SERVICE THRU 04/08/11 - ME	2,977.22	2,798.59	178.63
2873	VOID	VOID	-	-	-
2874	SPARKLETTS	SUPPLIES	70.54	66.31	4.23
2875	XO CORPORATION	PHONE CHARGES THRU 05/14/11	108.87	102.34	6.53
2876	YSI INCORPORATED	011: FIELD EQUIPMENT	712.84	356.42	356.42
<b>Total Demands from April 1, 2011 to April 30, 2011</b>			<b>9,409,978.71</b>	<b>9,087,777.01</b>	<b>322,201.70</b>

Robb Whitaker, P.E., General Manager

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

Payee	Description	Current Demands	YTD Demands
PAYROLL	BENEFIT/DEDUCTION/REIMBURSEMENT	139,919.53	2,035,013.86
PAYROLL	PAYROLL	149,732.84	1,630,578.99
PAYROLL	TAXES	71,880.41	771,651.82
ALBERT ROBLES	DIRECTORS' COMPENSATION	2,327.07	28,589.96
ALBERT ROBLES	EXPENSE REIMBURSEMENT	1,807.60	5,504.15
ROBERT E. KATHERMAN	DIRECTORS' COMPENSATION	1,999.12	10,978.18
ROBERT E. KATHERMAN	EXPENSE REIMBURSEMENT	1,005.61	8,168.89
LILLIAN Y. KAWASAKI	DIRECTORS' COMPENSATION	640.30	8,460.60
SERGIO J. CALDERON	DIRECTORS' COMPENSATION	2,659.64	22,487.67
SERGIO J. CALDERON	EXPENSE REIMBURSEMENT	731.12	2,559.71
WILLARD H. MURRAY, JR	DIRECTORS' COMPENSATION	701.53	7,509.76
1-800-CONFERENCE(R)	025: 03/11 CONFERENCE CALLS	886.44	2,675.60
ACCONTEMP	TEMP SERVICE THRU 03/18/11 - MW	2,046.40	27,949.79
ACCONTEMP	TEMP SERVICE THRU 03/25/11 - MW	2,046.40	29,996.19
ACCONTEMP	TEMP SERVICE THRU 04/01/11 - MW	1,637.12	31,633.31
ACCONTEMP	TEMP SERVICE THRU 04/15/11 - MW	2,046.40	33,679.71
ACCONTEMP	TEMP SERVICE THRU 04/08/11 - MW	1,637.12	35,316.83
ACWA - HBA	05/11 MED/DEN/LIFE PREMIUM	55,467.96	518,885.07
ACWA 1	05/11 EAP PREMIUM	130.98	1,295.64
ACWA JPIA	01/01/11 - 03/31/11 WORKERS' COMP	7,540.00	221,080.00
ADT SECURITY SERVICES	SECURITY MAINT MATERIALS	43.90	1,169.60
ALBRIGHT, YEE & SCHMIT	03/11 LEGAL SERVICES	6,727.32	88,480.43
ARC/OCB REPROGRAPHIC	025: ENGINEERING SURVEY REPORTS	1,337.95	9,023.40
ARCADIA SIGN COMPANY	WRD BRONZE PLAQUE	1,151.47	2,301.47
AT&T	002: MONTHLY PHONE SERVICE	243.85	2,412.32
BARBARA ANN BAXTER	MEDICAL REIMBURSEMENT	149.92	809.44
BINHUYEN BUI FOR WRD	PETTY CASH REIMBURSEMENT	465.58	2,366.19
BROWNSTEIN HYATT FARBER	01/11 LEGISLATIVE SERVICE	15,000.00	150,000.00
BROWNSTEIN HYATT FARBER	02/11 LEGISLATIVE SERVICE	15,000.00	165,000.00
BUZZ BASKETBALL ACADEMY	COMMUNITY SPONSOR EVENT	650.00	3,150.00
CALIFORNIA SOCIETY OF CPA'S	05/01/11-04/30/12 MEMB DUES	399.00	399.00
CALIFORNIA WATER SERVICE	WATER USAGE THRU 04/19/11	52.43	617.88
CBMWD	02/11 WATER PURCHASE	4,353,082.90	11,035,839.30
CDW GOVERNMENT	COMPUTER SUPPLIES	638.30	9,983.75
CERRITOS CHAMBER	STATE OF THE CITY LUNCHEON	400.00	875.00
CH2M HILL	005: PROF SERVICE THRU 12/31/10	110,550.27	866,043.56
CHANNING BETE COMPANY	EDUCATIONAL MATERIALS	1,259.98	1,259.98
CHEVRON AND TEXACO	MONTHLY FUEL CHARGES	222.84	1,697.82
CLEAN SOURCE	GENERAL SUPPLIES	322.34	2,203.71
COMMERCIAL DOOR METAL	DOOR MAINT SERVICE	5,830.00	5,830.00
COSTCO BUSINESS DELIVERY	KITCHEN SUPPLIES	416.05	2,450.35
COUNTY SANITATION DISTRICT 2	002: 3RD QTR WWTS PAYMENT	18,242.00	1,675,659.44
COUNTY SANITATION DISTRICT 2	001: 3RD QTR WWTS PAYMENT	35,870.00	1,711,529.44
COUNTY SANITATION DISTRICT 2	01/11 WATER PURCHASE - WN	5,725.30	1,717,254.74
COUNTY SANITATION DISTRICT 2	02/11 WATER PURCHASE - WN	3,628.80	1,720,883.54
DISCOVERY SCIENCE CENTER	2011 GRNDWTR FEST EDU PROG	(2,539.20)	-
DISCOVERY SCIENCE CENTER	2011 GRNDWTR FEST EDU PROG	2,539.20	2,539.20
DMJ CONSULTING GROUP	011: PROF SERVICE THRU 03/23/11	2,697.43	56,060.50
DMJ CONSULTING GROUP	011: PROF SERVICE THRU 02/23/11	1,482.50	57,543.00
EASTERN GROUP PUBLICATIONS	03/03/11 GRNDWTR FEST AD	1,008.00	1,008.00
F&M BANK: CC PAYMENT	03/11 CC CHARGES	4,546.93	30,234.57
FEDERAL EXPRESS CORP	FEDEX SERVICE	231.07	6,203.31
FEDERAL EXPRESS CORP	FEDEX SERVICE	115.24	6,318.55
FEDERAL EXPRESS CORP	FEDEX SERVICE	542.08	6,860.63
GEIGER WEST MONROVIA	PROMOTIONAL ITEMS	2,015.01	19,055.01
GEIGER WEST MONROVIA	PROMOTIONAL ITEMS	8,626.57	27,681.58

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

<u>Payee</u>	<u>Description</u>	<u>Current Demands</u>	<u>YTD Demands</u>
GEOTECH	011: FIELD SUPPLIES	1,932.12	10,378.01
GOVT FINANCE OFFICERS ASSOC	06/01/11-05/31/12 MEMBERSHIP DUES	160.00	595.00
HELPMATES STAFFING	TEMP SERVICE THRU 03/13/11 - MC	3,904.56	41,005.36
HELPMATES STAFFING	TEMP SERVICE THRU 03/27/11 - MC	2,214.08	43,219.44
HELPMATES STAFFING	TEMP SERVICE THRU 04/10/11 - MC	1,795.20	45,014.64
IN-N-OUT BURGER	2011 GRNDWTR FESTIVAL EVENT	1,198.96	13,378.96
INTERA INCORPORATED	025: 02/01/11-02/28/11 PROF SERVICE	9,214.00	32,402.01
INTERIOR PLANT DESIGN	001: 04/11 MAINT SERVICE	2,000.00	20,550.28
INTER-TEL NETSOLUTIONS	MONTHLY PHONE CHARGES	848.98	8,660.67
JAN-PRO CLEANING	04/11 JANITORIAL SERVICES	2,743.00	27,430.00
KELLY PAPER	PAPER SUPPLIES	290.62	8,030.72
KELLY PAPER	PAPER SUPPLIES	528.53	1,721.34
LA COUNTY FLOOD CONTROL	023: 02/11 PROF SERVICE	31,965.71	74,617.04
LA OPINION	03/07/11-03/13/11 NEWSPAPER AD	1,000.00	2,000.00
LAKEWOOD, CITY OF	WATER USAGE THRU 04/20/11	168.56	299,700.90
LEAL & TREJO APC	033: 01/11 LEGAL SERVICE	36,307.92	44,826.35
LEGISLATIVE ADVOCACY	005: 12/10 LEGISLATIVE SERVICE	10,000.00	50,000.00
LONG BEACH, CITY OF	001: 03/11 O & M SERVICE	100,000.00	1,869,088.67
LONG BEACH, CITY OF	02/11 WATER PURCHASE	138,115.60	2,007,204.27
LONG BEACH, CITY OF	001: 04/11 O & M SERVICE	100,000.00	2,107,204.27
LONG BEACH, CITY OF	03/11 WATER PURCHASE	179,460.40	2,286,664.67
LOS ANGELES SENTINEL	03/03/11 GRNDWTR FEST AD	1,102.00	1,102.00
LOS ANGELES, CITY OF DWP	02/22/11-03/22/11 WATER PURCHASE	60,895.89	739,984.41
MARTIN E WHELAN, JR.	05/11 MEDICAL PREMIUM	733.45	22,371.95
McMASTER-CARR SUPPLY	011: MAINT SERVICE	115.55	4,910.50
MILLENNIUM ADVOCATES	04/11 LEGISLATIVE SERVICE	30,401.40	151,179.77
NELLOR ENVIRONMENTAL	004: 02/11 & 03/11 PROF SERVICE	1,890.00	15,793.24
NORWALK PRINTING	BUSINESS CARDS	192.06	3,441.32
OFFICE TEAM	TEMP SERVICE THRU 03/18/11	3,717.39	83,977.70
OFFICE TEAM	TEMP SERVICE THRU 03/25/11 - KH	2,380.02	86,357.72
OFFICE TEAM	TEMP SERVICE THRU 04/01/11 - MT	2,542.04	88,899.76
OFFICE TEAM	TEMP SERVICE THRU 04/15/11 - KH	2,542.46	91,442.22
OFFICE TEAM	TEMP SERVICE THRU 04/08/11 - ME	2,977.22	94,419.44
OUR WEEKLY	03/10/11 GRNDWTR FEST AD	489.92	489.92
PACIFIC FORD INC.	2008 FORD F-250 MAINT SERVICE	52.00	5,006.65
PARS	02/11 REP FEES	500.00	13,300.00
PEOPLE WHO CARE	2011 ACADEMIC ACHIEVEMENT EVENT	1,500.00	1,500.00
PEPSI BOTTLING	SUPPLIES	287.18	3,080.67
PR NEWswire ASSOCIATION	01/31/11-01/30/12 PRESS RELEASE	5,800.00	7,880.00
RANDOM LENGTHS NEWS	02/25/11-03/10/11 GRNDWTR FEST AD	340.00	340.00
REGIS-RECORDER/COUNTY CLERK	2010 GENERAL ELECTION	1,458,029.87	1,458,029.87
RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	1,190.71	1,651.00
RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	2,277.43	3,928.43
RJB ELECTRICAL	ELECTRICAL REPAIR SERVICE	2,217.56	6,145.99
RMC	033: TEMP SERVICE THRU 12/31/10	48,039.09	189,972.84
RMC	033: PROF SERVICE THRU 11/26/10	33,832.71	223,805.55
RMC	033: PROF SERVICE THRU 01/28/11	10,999.24	234,804.79
ROBERT E. BUSH	005: 02/11 PROF SERVICE	3,000.00	27,000.00
ROBERT E. BUSH	005: 03/11 PROF SERVICE	3,000.00	30,000.00
SEPARATION PROCESSES	002: 03/11 PROF SERVICE	230.00	15,185.00
SOUTHERN CALIFORNIA EDISON	03/11 ENERGY USAGE	2,550.32	185,784.72
SOUTHERN CALIFORNIA EDISON	002: ENERGY USAGE THRU 04/07/11	14,622.85	200,407.57
SPARKLETT'S	SUPPLIES	70.54	1,746.89
STANDARD INSURANCE	05/11 STD/LTD PREMIUM	1,374.00	13,464.81
STAR OFFICE PRODUCTS	OFFICE SUPPLIES	1,176.78	14,004.13
STAR OFFICE PRODUCTS	OFFICE SUPPLIES	218.40	14,222.53

Water Replenishment District of Southern California  
Demands List - Current and YTD By Vendor

Payee	Description	Current Demands	YTD Demands
STATE WATER RESOURCES CB	002: WDR VIOLATION FEE	3,000.00	38,140.00
T & A SIGNS & PRINTING	PRINTING SERVICE	764.75	1,758.92
TESTAMERICA	006: 03/11 PROF SERVICE	1,798.00	48,925.35
TETRA TECH GEO	025: PROF SERVICE THRU 02/25/11	21,706.00	124,290.81
THE GAS COMPANY	MONTHLY UTILITY CHRGS	333.83	2,673.17
THE SIGNAL TRIBUNE	03/18/11 NEWSPAPER AD	600.00	4,425.00
TIME WARNER CABLE	MONTHLY INTERNET SERVICE	1,000.00	7,000.00
TORRANCE, CITY OF	002: 01/11 O & M SERVICE	45,461.80	401,000.34
TORRANCE, CITY OF	002: 04/11 PLANT SITE RENT	3,373.48	404,373.82
TORRANCE, CITY OF	002: 02/11 O & M SERVICE	37,987.04	442,360.86
TORRANCE, CITY OF	002: 05/11 PLANT SITE RENT	3,373.48	445,734.34
TRES ES, LLC	02/11 LEGISLATIVE SERVICE	9,000.00	16,500.00
TRES ES, LLC	03/11 LEGISLATIVE SERVICE	9,000.00	25,500.00
TROJAN TECHNOLOGIES	ULTRAVIOLET LIGHT SENSOR	5,523.43	118,070.63
UNICORPS INTERNATIONAL	PAINTING MAINT SERVICE	645.00	645.00
UNION BANK OF CALIFORNIA	DEPOSIT FOR NEW ACCOUNT	240,000.00	240,000.00
URBAN WATER INSTITUTE	REGISTRATION FEE - RW	350.00	2,900.00
VERIZON BUSINESS	MONTHLY INTERNET SERVICE	622.63	6,218.68
VERIZON COMMUNICATION	MONTHLY PHONE CHARGES	355.56	3,458.02
VERIZON WIRELESS	MONTHLY CELL PHONE SERVICE	2,572.43	11,662.71
WATER WISE CONSULTING	ECO GARDENER WORKSHOP	16,706.25	65,206.25
WAVELENGTH AUTOMATION	05/01/11-04/30/12 SUBSCRIPTION FEE	1,188.00	1,188.00
WEST BASIN MWD	02/11 WATER PURCHASE	1,622,101.80	15,698,349.62
WESTERN EXTERMINATOR	03/11 PESTICIDE SERVICE	65.00	650.00
WILMINGTON CHAMBER	2011 SPRING GALA EVENT	500.00	1,340.00
XEROX CORPORATION	03/11 COPIER SERVICE - TR#561586	728.52	48,713.81
XEROX CORPORATION	04/11 COPIER SERVICE - FR#550179	4,945.33	53,659.14
XEROX CORPORATION	04/11 COPIER SERVICE - TR#561586	4,799.73	58,458.87
XO CORPORATION	PHONE CHARGES THRU 05/14/11	108.87	1,046.85
YSI INCORPORATED	011: FIELD EQUIPMENT	712.84	4,104.80
		9,409,978.71	56,132,439.42



**MEMORANDUM**

**ITEM NO. 5**

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

**DATE: JUNE 15, 2011**  
**TO: FINANCE COMMITTEE**  
**FROM: ROBB WHITAKER, GENERAL MANAGER**  
**SUBJECT: FINANCIAL STATEMENTS – APRIL 30, 2011**

The attached financial statements include the Statement of Net Assets (Balance Sheet) as of April 30, 2011 and the Statement of Revenues, Expenditures and Changes in Net Assets (Income Statement) for the month ending April 30, 2011. Explanation of selected account balances are as follows:

**Statement of Net Assets**

**ASSETS & LIABILITIES**

Current Assets – The changes in current assets are primarily due to the payment to Central Basin Municipal Water District for the purchase of untreated Tier 1 spreading water as well as the payment to the County of Los Angeles – Registrar/Recorder County Clerk office for the November 2010 general election. There is a corresponding decrease in accounts payable.

Current Liabilities – The decrease of about \$6.14 million in Accounts Payable is mainly due to the payments for the purchase of untreated Tier 1 spreading water and the November 2010 general election. (See current assets above)

**NET ASSETS**

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

<u>Accounts</u>	<u>Change</u>
Plant & Equipment	\$ 0
Construction-In-Progress	203,920
Accumulated Depreciation	(192,169)
Total	<u>\$ 11,750</u>

Unrestricted – The Change/Variance of Total Assets, Total Liabilities and Invested in Capital Assets from March to April is \$974,706

## **Statement of Revenues, Expenditures and Changes in Net Assets**

### **REVENUES**

Operating Revenues - Increased of about \$619,000 is due to a seasonal addition of water pumped in March 2011 as well as late reports received for the Desalter water sales that incurred in the previous months but posted in April 2011.

### **EXPENSES**

Cost of Water - there was a slight increase in spreading water mainly due to receiving late invoices from the County of Sanitation District for the recycled water purchases from the past months. In the meantime, the County has been repaired many injected wells; therefore, it is currently adjusting overall injections.

Professional Fees – Increased over prior month. The changes are due to receiving late invoices that services have incurred in the previous months but posted in April 2011.

Other General & Administrative Expenses – Decreased approximately \$1.04 million primarily due to payment to the County of Los Angeles – Registrar/Recorder County Clerk office for the November 2010 general election that was posted in March 2011.

### **FISCAL IMPACT**

None.

### **STAFF RECOMMENDATION**

Approve the Financial Statements for submittal to the Board of Directors.

**Water Replenishment District of Southern California**  
**Statement of Net Assets**  
**April 30, 2011**

Assets	Total	Prior Month Total	Variance
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 20,787,908	\$ 25,545,060	(4,757,153)
Restricted Cash	16,734,671	16,734,661	10
Accounts Receivable	4,704,511	5,019,119	(314,608)
Interest Receivable	37,712	37,712	-
Prepaid Expenses	97,621	75,215	22,406
<b>Total Current Assets</b>	<b>\$ 42,362,422</b>	<b>\$ 47,411,767</b>	<b>(5,049,345)</b>
<b>Noncurrent Assets</b>			
Notes Receivable, Noncurrent	\$ 4,171,625	\$ 4,171,625	-
Plant & Equipment	63,447,876	63,447,876	-
Land	2,644,753	2,644,753	-
Construction-In-Progress	7,590,537	7,386,618	203,920
Deferred Charges	782,332	782,332	-
Accumulated Depreciation	(17,592,517)	(17,400,348)	(192,169)
<b>Total Noncurrent Assets</b>	<b>\$ 61,044,607</b>	<b>\$ 61,032,857</b>	<b>11,750</b>
<b>Total Assets</b>	<b>\$ 103,407,029</b>	<b>\$ 108,444,624</b>	<b>(5,037,595)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 3,578,593	\$ 9,727,878	(6,149,285)
Interest Payable - Bond	400,552	267,034	133,517
Accrued Payroll	-	-	-
Accrued Employee Benefits	7,350	15,643	(8,293)
Accrued Postemployment Benefits	1,205,822	1,205,822	-
Deferred Compensation	-	-	-
Cal Trans 0690	5,973,828	5,973,828	-
Long term Debt - Bond Payable	31,535,300	31,535,300	-
Other Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>\$ 42,701,445</b>	<b>\$ 48,725,506</b>	<b>(6,024,061)</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	\$ 344,522	\$ 344,522	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 344,522</b>	<b>\$ 344,522</b>	<b>-</b>
<b>Total Liabilities</b>	<b>\$ 43,045,967</b>	<b>\$ 49,070,028</b>	<b>(6,024,061)</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Del	\$ 35,316,192	\$ 35,304,432	11,760
Unrestricted	25,044,870	24,070,164	974,706
<b>Total Net Assets</b>	<b>\$ 60,361,062</b>	<b>\$ 59,374,596</b>	<b>986,466</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 103,407,029</b>	<b>\$ 108,444,624</b>	<b>(5,037,595)</b>

**Water Replenishment District of Southern California**  
**Statement of Revenues, Expenditures and Changes in Net Assets**  
**For the Month of April 2011**

	Total	Prior Month Total	Variance
Revenues			
Operating Revenues			
Water Replenishment Assessments	3,668,083	3,309,096	358,988
Late Payment Penalties	-	-	-
MWD Subsidy	134,036	-	134,036
OCWD Recycled Water Product	23,966	52,127	(28,161)
Desalter Revenue	154,123	-	154,123
Title 22 Monitoring Program	-	-	-
Total Operating Revenues	<u>3,980,209</u>	<u>3,361,223</u>	<u>618,986</u>
Operating Expenses			
Cost of Water			
Spreading	200,342	9,354	190,988
Injected	1,041,115	1,422,697	(381,582)
In-Lieu	-	-	-
Connection Fees	82,765	74,777	7,988
Total Cost of Water	<u>1,324,222</u>	<u>1,506,828</u>	<u>(182,607)</u>
General & Administrative			
Salaries, Taxes & Benefits	387,790	420,580	(32,790)
Postemployment Benefits	-	-	-
Conference & Travel	15,228	4,274	10,954
Office Expenses	117,286	48,600	68,686
Utilities	40,624	28,967	11,657
Rents & Leases	7,401	14,214	(6,813)
Repairs & Maintenance	8,506	38,129	(29,622)
Material & Equipment	36,055	34,411	1,644
General Liability Insurance	15,712	15,595	118
Professional Fees	905,648	415,276	490,372
Other General & Administrative	95,951	1,133,981	(1,038,030)
Total General & Administrative	<u>1,630,201</u>	<u>2,154,026</u>	<u>(523,824)</u>
Depreciation	192,169	192,169	-
Total Operating Expenses	<u>3,146,592</u>	<u>3,853,023</u>	<u>(706,431)</u>
Operating Income (Loss)	<u>833,617</u>	<u>(491,800)</u>	<u>1,325,417</u>
Non-Operating Revenues (Expenses)			
Revenues			
Property Taxes	132,122	2,648	129,475
Investment Earnings	20,727	2,747	17,980
Miscellaneous	-	497	(497)
Total Non-Operating Revenues (Expenses)	<u>152,849</u>	<u>5,892</u>	<u>146,958</u>
Income (Loss) Before Contributions	986,466	(485,909)	1,472,375
Contributions			
Capital Contributions- Grant	-	-	-
Change in Net Assets	<u>986,466</u>	<u>(485,909)</u>	<u>1,472,375</u>



**MEMORANDUM**

**ITEM NO. 6**

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

**DATE: JUNE 15, 2011**

**TO: BOARD OF DIRECTORS**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING APRIL 30, 2011**

Each month, the Finance Department reports the District’s reserve balances as well as cash & investment activities to the Finance Committee for subsequent approval by the Board of Directors.

**RESERVE BALANCE**

Based on §60290 of the Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from district water supply sources on an annual basis. In addition, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

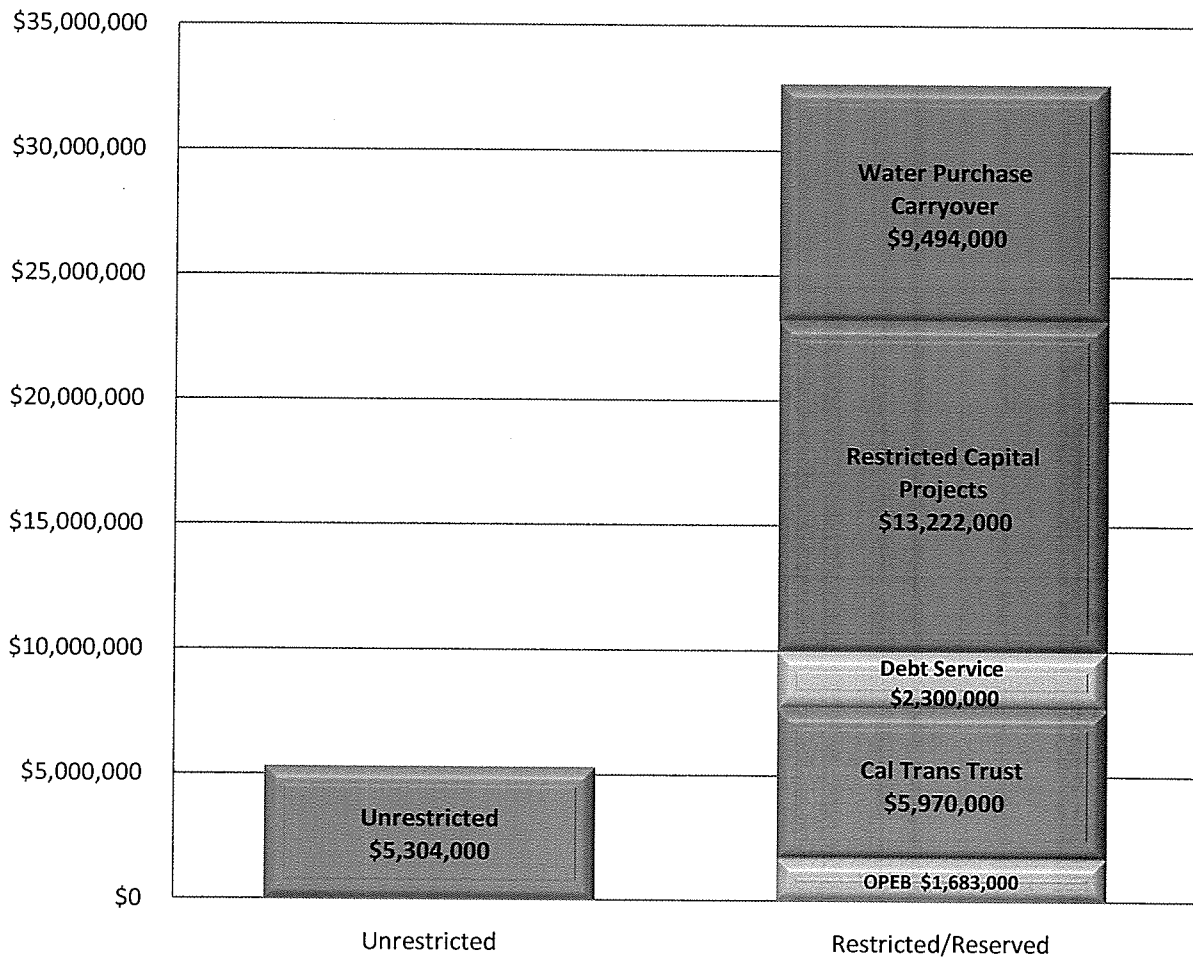
If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water in the succeeding fiscal year.

**Currently the District has \$5,304,000 in operating reserve.** The following pages provide specific breakdowns of the District cash and investments.

The District’s reserve balances are presented in Figure A below:

<b>Operating Reserve Fund</b>	<b>\$ 5,304,000</b>
Reserved or Encumbered:	
Water Purchase Carryover Fund	9,494,000
Restricted for Capital Projects	13,222,000
Debt Service Reserve Fund	2,300,000
Cal Trans Trust Fund	5,970,000
Other Post Employment Benefit Obligation (OPEB)	1,683,000
Reserved or Encumbered Subtotal	<u>\$ 32,669,000</u>
 Total Cash and Investments	 <u>\$ 37,973,000</u>

WRD Funds as of  
April 30, 2011

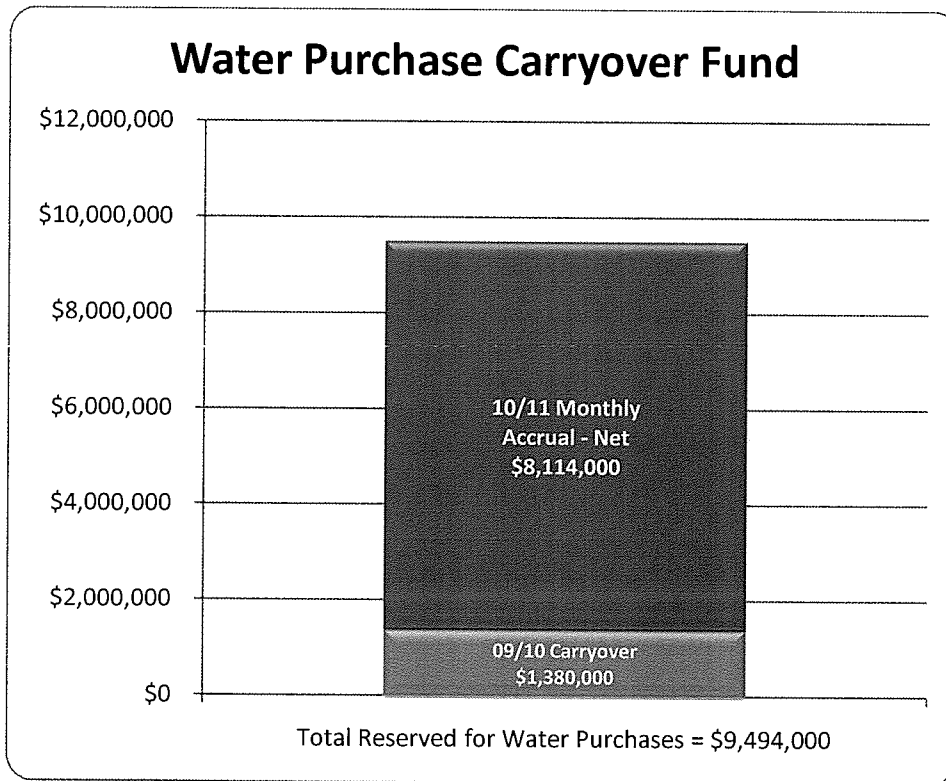


Total Cash Held as of April 30, 2011 = \$37,973,000

**Water Purchase Carryover Fund** – This category of represents:

**Source of Funds:**                      **Replenishment Assessment**  
**Use of Funds:**                              **Restricted for Water Purchases Only**

<b>1. Monthly accrual of budgeted amount for fiscal year 10/11</b>	
Untreated Tier 1 Spreading Water Budgeted in 10/11	\$ 13,424,000
In Lieu Budgeted in 10/11	3,608,000
3,500 acre feet of Make Up Water Budgeted in 10/11	<u>2,237,000</u>
Total Budget for Spreading Water in 10/11	\$ 19,269,000
	÷ 12 months
Accrual per month (1/12 <sup>th</sup> – rounded) x ten months	\$ 16,060,000
Net of 10/11 monthly accrual after adjusting the purchases of untreated Tier 1 spreading water	<b><u>\$8,114,000</u></b>
<b>2. Budget 10/11 Rate Relief</b> – As a result of public budget workshops, \$8,270M was allocated from the Water Purchase Carryover Fund as rate relief (1/12 <sup>th</sup> accrual per month: \$8,270,000 ÷ 12 = \$689,000 rounded)	\$ (6,890,000)
09/10 Water Purchase Carryover (decreases by \$689,000 monthly for fiscal year 10/11)	<u>8,270,000</u>
Total	<b><u>\$ 1,380,000</u></b>



**Restricted for Capital Projects** – This category represents funds encumbered for the following:

**1. Safe Drinking Water Program**

Source of Funds:

*Replenishment Assessment*

Use of Funds:

*Encumbered for Safe Drinking Water Projects*

Maywood Mutual Water Company #2 – Central Basin	\$ 10,000
Park Water Company – Central Basin	2,000,000
Vernon Wells #9 and #10 – Central Basin	1,000,000
Huntington Park Well #17 – Central Basin	42,000
Total	<u>\$ 3,052,000</u>

**2. Capital Replacement / Construction**

Source of Funds:

*Replenishment Assessment*

Use of Funds:

*Encumbered for Projects Below*

Leo J. Vanderlans Water Treatment Facility:	
Capital Replacement	\$ 981,000
Preliminary and Final Design for Expansion	380,000 <sup>1</sup>
Goldsworthy Desalter:	
Capital Replacement	248,000
Preliminary Design	100,000 <sup>1</sup>
Total	<u>\$ 1,709,000</u>

**3. Proceeds from the 2008 Certificates of Participation**

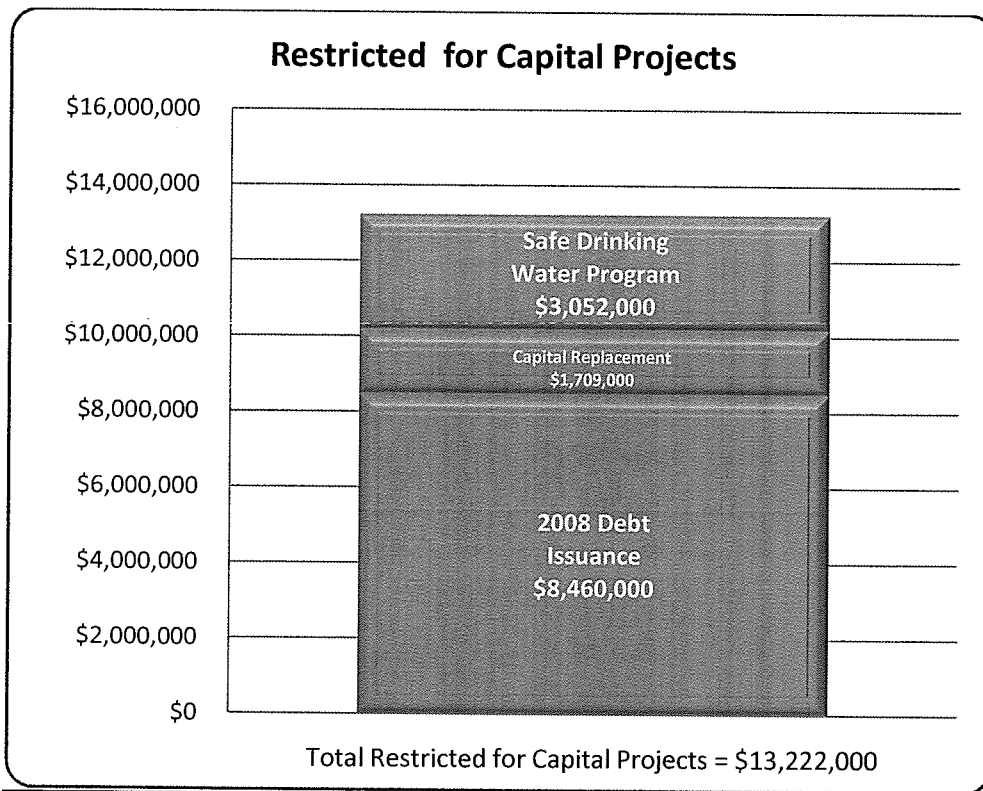
Source of Funds:

*2008 Debt Issuance*

Use of Funds:

*Restricted for Capital Projects Only – Interconnection Pipeline and Regional Groundwater Monitoring Wells*

Held by Independent Trustee – Restricted for Capital Projects Only	<u>\$ 8,460,000</u>
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<sup>1</sup> This amount was budgeted in fiscal year 2009/10 and encumbered for capital expenditure in fiscal year 2010/11

**Debt Service Reserve Fund** – Based on the District’s Master Trust Agreement related to the 2004 and 2008 Revenue Certificates of Participation (COP), the District must maintain a Reserve Fund, held by an independent Trustee to pay principal and interest in the event the WRD does not have the funds to properly pay its debt. These funds are unavailable to the District until the debt matures 30 years after issuance of the debt.

**Source of Funds:**

***2004 and 2008 Debt Issuance***

**Use of Funds:**

***Restricted based on Master Trust Agreement***

2004 Trustee Reserve Fund	\$ 968,000
2008 Trustee Reserve Fund	<u>1,332,000</u>
Total	<u>\$ 2,300,000</u>

**Cal Trans Trust** – These funds are held in trust by WRD as part of a settlement with the California Department of Transportation (CalTrans) for dewatering the 105 freeway.

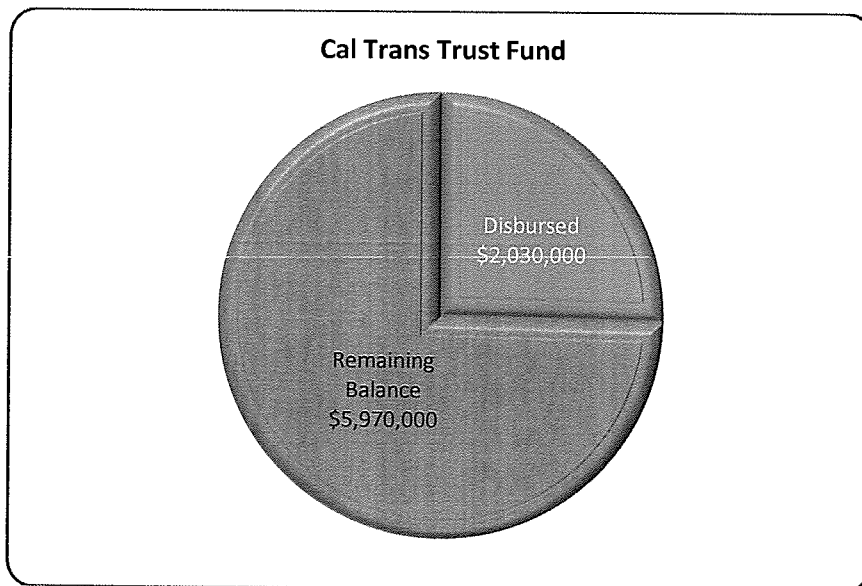
**Source of Funds:**

***CalTrans Settlement***

**Use of Funds:**

***Restricted for CalTrans Project and RA***

Originally, the CalTrans settlement of \$8 million was received in June 2004. Since that time, the District has been reimbursed \$2.03 million for costs associated with the project, as well as for charges tied to the amount of water pumped from the basin for dewatering of the freeway.



**Other Post Employment Benefit Obligations (OPEB)**

**Source of Funds:**

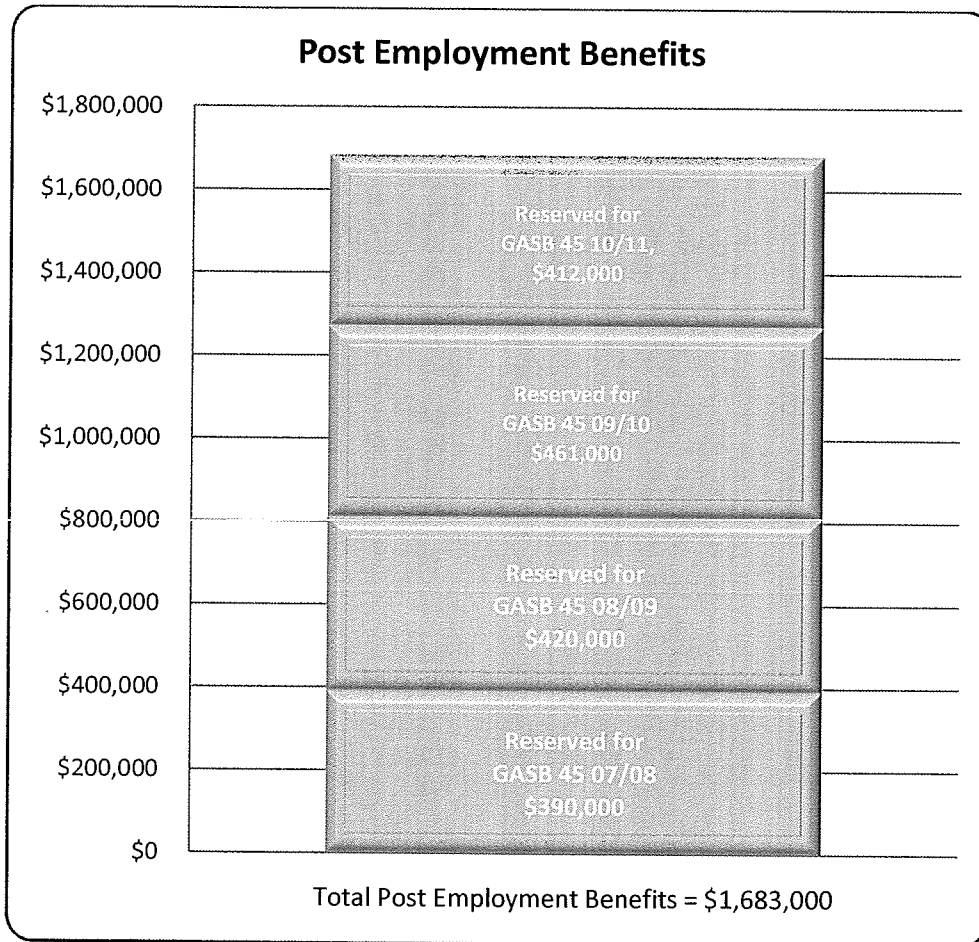
**Use of Funds:**

***Replenishment Assessment***

***Post Employment Benefits***

This category of funds accounts for the WRD's Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the Government Accounting Standards Board (GASB) statement number 45. The following costs have been accrued based on an independent actuarial study:

10/11 Annual Required Contribution	\$ 474,000
	<u>÷ 12 months</u>
10/11 Accrual per month (1/12 <sup>th</sup> – rounded) x ten months	\$ 412,000
09/10 Annual Required Contribution after adjustments	461,000
08/09 Annual Required Contribution	420,000
07/08 Annual Required Contribution	390,000



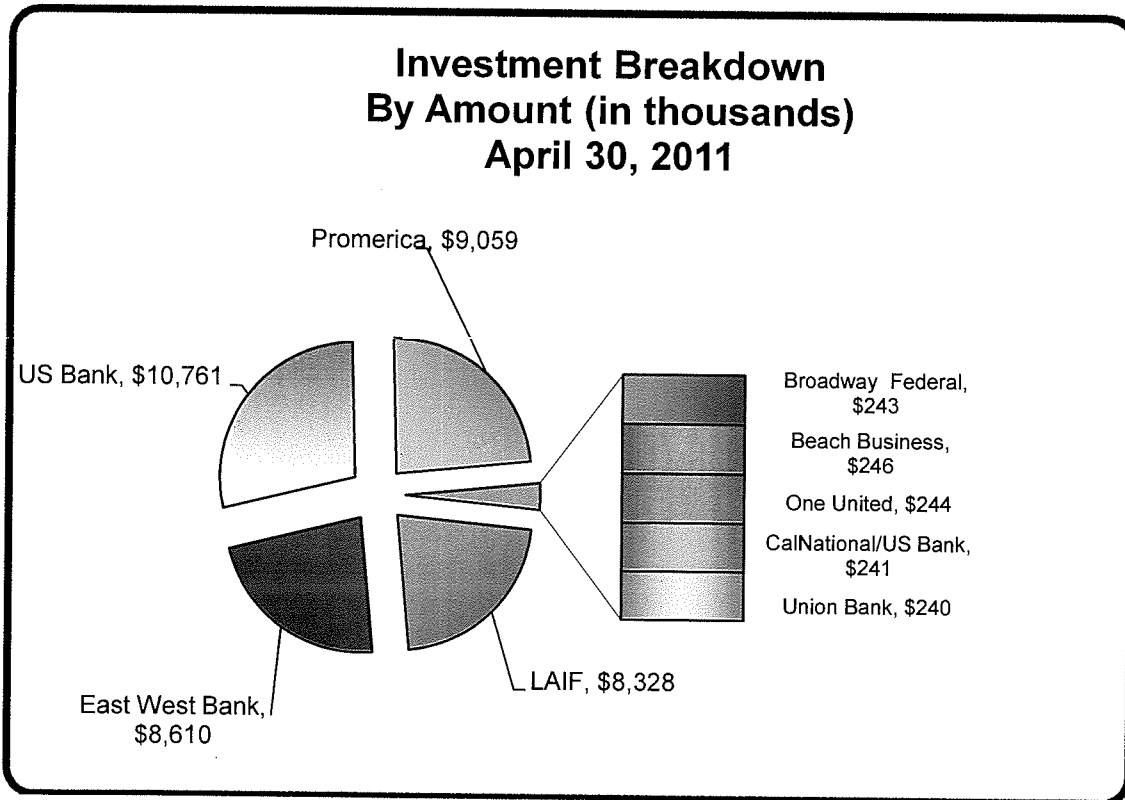
## CASH AND INVESTMENTS

At the direction of the Board of Directors, on February 20, 2009 the District implemented its Community Banking Program and has invested in several community banks in addition to the Local Area Investment Fund (LAIF).

### Cash and Investments By Institution (Rounded to nearest ten thousand)

#### Cash and Investments:

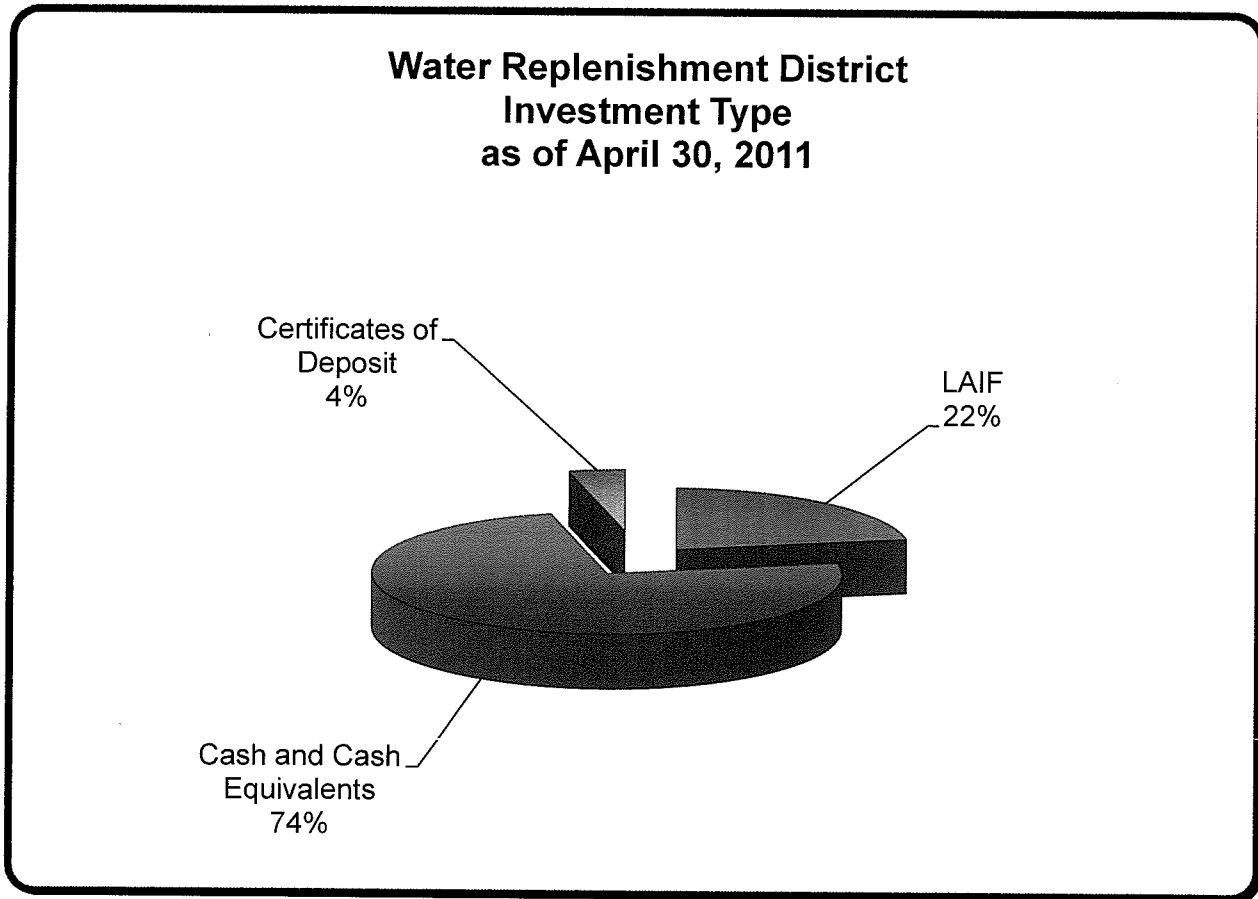
Local Area Investment Fund (LAIF) <sup>1</sup>	\$ 8,328,000
East West Bank <sup>2</sup>	8,610,000
Beach Business Bank <sup>2</sup>	246,000
One United Bank <sup>2</sup>	244,000
Broadway Federal Bank <sup>2</sup>	243,000
US Bank (formerly CalNational Bank) <sup>2</sup>	241,000
Union Bank <sup>2</sup>	240,000
Promerica Bank <sup>2</sup>	9,059,000
US Bank (Trustee) <sup>2</sup>	<u>10,761,000</u>
<b>Total Cash and Investments</b>	<b><u>\$ 37,973,000</u></b>



**Cash and Investments By Type**  
(Rounded to nearest ten thousand)

Cash and Investments:

Local Area Investment Fund (LAIF) <sup>1</sup>	\$ 8,328,000
Cash and Cash Equivalents <sup>2</sup>	28,175,000
Certificates of Deposit <sup>2</sup>	<u>1,469,000</u>
 Total	 <u>\$ 37,973,000</u>



Staff has attached a detailed investment report for April 30, 2011 for approval.

Footnotes:

<sup>1</sup> – The Local Area Investment Fund (LAIF): There is no insurance applied to individual securities, sectors of the portfolio, or the portfolio in general. However, due to the characteristics of the Pooled Money Investment Account for LAIF, credit risk is minimal. Additionally, LAIF monies are protected by statute. The State of California cannot borrow or withhold LAIF monies per California Government Code §16429.4.

<sup>2</sup> – Cash & Cash Equivalents and Certificates of Deposit: Amounts are either insured by the Federal Deposit Insurance Company (FDIC) or secured by the bank's assets. Most funds are held in Certificate of Deposit Account Registry Service or CDARS; a very safe way to invest funds up to \$50 million while continuing to be FDIC insured.

<sup>3</sup> – US Treasury Notes and Corporate Bonds: These amounts are not insured by the FDIC however, they fall within the District's Investment Policy.

*Any slight differences are due to rounding. For presentation purposes, staff has rounded dollar values to the nearest thousand.*

**FISCAL IMPACT**

None.

**FINANCE COMMITTEE RECOMMENDATION**

Approve the Investment Report for submittal to the Board of Directors.





## MEMORANDUM

### ITEM NO. 7

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE:** JUNE 15, 2011  
**TO:** FINANCE COMMITTEE  
**FROM:** ROBB WHITAKER, GENERAL MANAGER  
**SUBJECT:** PROPOSED AUDIT COMMITTEE CHARTER

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### SUMMARY

On February 16, 2011, Vasquez and Company presented the results of the June 30, 2010 annual comprehensive annual financial audit (CAFA). As part of their report, the auditors presented the Finance Committee with various items which are considered "best practices" in the audit and governmental finance industry. One of the items reported to the Committee was the need to designate an Audit Committee to act as a liaison between the independent auditor and the Board of Directors. This recommendation is in line with the District's ongoing commitment to transparency and accountability. Additionally, along with the Audit Committee would be an accompanying Audit Charter which documents the responsibilities of the Audit Committee. The Finance Committee referred the development of an Audit Committee to the Administrative Committee and to recommend to the Board of Directors any change in the Administrative Code.

On May 9, 2011, the Administrative Committee reviewed the delineation of duties performed by the various Standing Committees of the Board of Directors. As part of this review, the Administrative Committee reviewed a draft Audit Charter and has referred this item back to the Finance Committee for a final recommendation to the Board of Directors. This proposed charter emphasizes enhanced accountability, independent lines of formal communication with the independent financial auditors and strengthened controls.

### FISCAL IMPACT

None.

### STAFF RECOMMENDATION

Recommend adoption of an Audit Charter to the Board of Directors.



## **FINANCE/AUDIT COMMITTEE CHARTER**

### **PURPOSE**

To assist the Audit Committee in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the District's process for monitoring compliance with laws and regulations.

### **AUTHORITY**

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Oversee the work of any registered public accounting firm employed by the organization;
- Resolve any disagreements between management and the auditor regarding financial reporting;
- Recommend approval to the Board of Directors of all auditing and non-audit services;
- Seek any information it requires from external parties; and
- Meet with staff, external auditors, or outside counsel, as necessary.

### **COMPOSITION**

The Audit Committee will consist of at least two members with one alternate of the Board of Directors. The Board President or its nominating committee will appoint Committee members and the Committee chair.

### **PROCEDURE**

The Committee shall meet with representatives of the independent auditors at least annually to review and discuss:

- The results of the independent audit and underlying accounting judgments and estimates;
- The auditors' comments regarding the adequacy of the DISTRICT's internal accounting controls;
- External auditors' relationships with DISTRICT that may impact objectivity and independence;
- Management's representations regarding integrity of internal controls and financial reporting systems and conformity of financial statements with generally accepted accounting principles;
- Other relevant matters noted during the auditors' examination, along with management's response regarding such comments;
- Assurance that auditors were not subject to undue influence by management during the course of the audit; and
- The scope and objectives of the independent audit for the current fiscal year.

## **RESPONSIBILITIES**

The Committee will carry out the following responsibilities:

### Financial Statements

- Oversee District accounting and financial reporting policies and practices;
- Review significant accounting and reporting issues, including unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- Review with management and the external auditors the results of the audit, including any difficulties encountered. Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
- Review the results of the independent audit, including the audit of government grants and awards (A-133 audit), underlying accounting judgments and estimates and the auditor's (internal control) recommendations to management and management's response;
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information;
- Review with management and the external auditors all matters required to be communicated to the committee under Generally Accepted Auditing Standards; and
- Understand how management develops interim financial information, and the nature and extent of external auditor involvement.

### Internal Control

- Consider the effectiveness of the District's internal control system, including information technology security and control; and
- Understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort;
- Review the performance of the external auditors, review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the District, including non-audit services, and discussing the relationships with the auditors;
- Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately; and
- Resolve disagreements, if any, between management and the independent auditors.

### Compliance

- Review the findings of any examinations by regulatory agencies, and any auditor observations;
- Obtain regular updates from management and legal counsel regarding compliance matters; and
- Review the District's program to monitor compliance with the District's code of conduct.

### Reporting Responsibilities

- Regularly report to the Board of Directors about committee activities, issues, and related recommendations;
- Provide an open avenue of communication between the external auditors, and the Board of Directors; and
- Review any other reports the District issues that relate to Committee responsibilities.

### Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors;
- Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation; and
- Confirm annually that all responsibilities outlined in this charter have been carried out.

### **CHANGES TO THE CHARTER**

Changes to this Charter must be approved by the Board.





**MEMORANDUM**

**ITEM NO. 8**

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: JUNE 15, 2011**

**TO: FINANCE COMMITTEE**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: INVESTMENT POLICY**

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**SUMMARY**

The Board of Directors adopted the District's current investment policy through Resolution No. 02-642 (attached). Section 7 of the Investment Policy states, "This investment policy shall be reviewed on an annual basis. The Board of Directors must approve any changes." Each year, staff reviews the policy and has not recommended any changes since its adoption in June 2002. Staff would like to discuss the investment policy with the Committee as part of the annual review of the investment report.

**FISCAL IMPACT**

None at this time.

**STAFF RECOMMENDATION**

For discussion.



**RESOLUTION NO. 02-642**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WATER REPLENISHMENT DISTRICT  
OF SOUTHERN CALIFORNIA  
ESTABLISHING ITS INVESTMENT POLICY**

**WHEREAS**, the Water Replenishment District of Southern California is defined as a local agency under California Government Code Section 53600;

**WHEREAS**, the Board of Directors of the Water Replenishment District of Southern California desires to adhere to legislation set forth in California Government Code Sections 53600-53686;

**WHEREAS**, the Board of Directors of the Water Replenishment District of Southern California desires to restate and establish its policy for the investment of District financial assets;

**NOW THEREFORE**, the Board of Directors of the Water Replenishment District of Southern California hereby declares that the Investment Policy of the District is as follows:

1. **Policy.** This investment policy of the Water Replenishment District of Southern California (District) provides for the prudent investment of District funds. It is intended to cover all investment activities under the direct control of the District. Replenishment, Clean Water, and restricted funds shall be maintained as separate funds on the District's books of account. This shall not preclude appropriate transfers between funds authorized by the Board.
2. **Prudent Investor Standard.** This policy shall be implemented in accordance with the standard for governing bodies of local agencies or persons authorized to make investment decisions on behalf of local agencies. This standard is set forth in Section 53600.3 of the California Government Code which provides in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within

the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

3. Objectives. This policy shall also be implemented in accordance with the standard concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the California Government Code which provides:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

- a) Safety - Safety of principal is the foremost objective of the District’s investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
- b) Liquidity – Investments shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the investment portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the investment portfolio should consist largely of securities with active secondary or resale markets
- c) Yield – Investments shall be undertaken with the objective of attaining a market rate of return after first considering safety of principal and liquidity needs.

It is the basic policy of the Water Replenishment District of Southern California to ensure the safety of principal and to provide money when required for District needs. High yield on investments, although important, is not as important as safety and liquidity. Under no circumstances shall the District borrow money solely to invest it.

4. Authority. The District’s Board of Directors hereby delegates to the Treasurer the authority, pursuant to Section 53607 of the California Government Code, to manage, deposit, and invest District funds in

accordance with this investment policy and provisions of the law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report investment transactions to this Board in accordance Section 53607 of the California Government Code.

5. Investments. As far as possible all money belonging to, or in the control of, the District shall be deposited for safekeeping in state or national banks or state or Federal savings and loan associations in the State of California on the condition that each such deposit is fully insured by the Federal Deposit Insurance Corporation or secured as required by state law.

No investment or deposit shall have a maturity date of more than five years from date of investment. No more than 20% of the total portfolio shall be in four to five year maturities at the date of investment. The average maturity for the entire portfolio shall not exceed two years. Funds of the Water Replenishment District may be invested in the following:

- a) Los Angeles County Pooled Surplus Investment Fund (LACPIF) and State of California Local Agency Investment Fund (LAIF).
- b) Any other investments in accordance with California Government Code section 53601 (a)-(m), adhering to all the provisions specified therein, as attached hereto in Exhibit A.

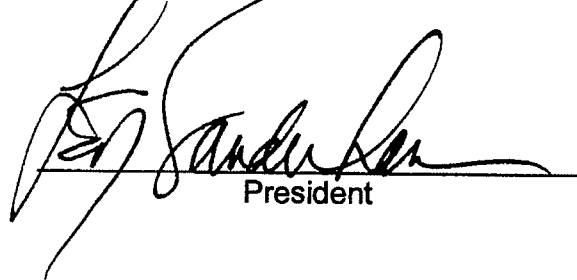
Under no circumstances will funds of the Water Replenishment District of Southern California be invested in common stocks, futures, options, security loan agreements; nor shall such funds be invested in speculative ventures of any kind.

6. Reporting. In accordance with California Government Code Section 53646, the chief financial officer shall render a monthly report to the general manager, the Treasurer, and the Board of Directors. The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments and moneys held by the District, and shall additionally include a description of any of the District's funds, investments, or programs, that are under the management of contracted parties, including lending programs. The report shall also include a current market value as of the date of the report, and shall include the source of this same valuation. The report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. The report shall include a statement denoting the ability of the local agency to meet its expenditure requirements for the next six months, or

provide an explanation as to why sufficient money shall, or may, not be available. In the report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices. Finally, the chief financial officer shall report whatever additional information or data may be required by the Board of Directors.

7. This investment policy shall be reviewed on an annual basis. The Board of Directors must approve any changes.

Adopted this 21<sup>st</sup> day of June, 2002.

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

Exhibit A

**CALIFORNIA GOVERNMENT CODE SECTION 53601**

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) 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.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing

property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(e) 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.

(f) Bankers acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers acceptances may not exceed 180 days maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the bankers acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by Moody's Investors Service, Inc. (Moody's), Standard and Poor's (S&P), or Fitch Financial Services, Inc. (Fitch). The corporation that issues the commercial paper shall be organized and operating within the United States, shall have total assets in excess of five hundred million dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated "A" or higher by Moody's, S&P, or Fitch. Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single corporate issue. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(h) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money which may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision

making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(i) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold on reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty by way of a reverse repurchase agreement or securities lending agreement, shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security, may only be made upon prior approval of the governing body of the local agency and shall only be made with primary dealers of the Federal Reserve Bank of New York or

with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(j) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's surplus money which may be invested pursuant to this section.

(k) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by

subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section. However, no more than 10 percent of the agency's surplus funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

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

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

(m) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(n) Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.