

(1) COVID-19: SPECIAL BROWN ACT PROCEDURES

The Central Coast Water Authority has determined this meeting to be an essential public meeting and will be conducting the meeting pursuant to the provisions of the Governor's Executive Orders N-25-20, N-29-20 and N-35-20 and the corresponding Santa Barbara County Health Officer's order.

Since this is an evolving COVID-19 situation, the Central Coast Water Authority will provide updates to any changes to this policy as soon as possible. The Authority thanks you in advance for taking all precautions to prevent spreading the COVID-19 virus.

(2) OPTIONS FOR THE PUBLIC TO PARTICIPATE IN THE PUBLIC MEETING

Consistent with the Governor's Executive Orders, all meetings of the Central Coast Water Authority will be conducted remotely – via video call and telephonically – until further notice. You are strongly encouraged to listen to all meetings live via RING CENTRAL MEETING (a Zoom affiliate) and TELEPHONE, as described in the agenda which is located on CCWA's website and was distributed to CCWA's "Notice of Meeting Distribution List" in compliance with the Brown Act.

Committee members, staff, and the public may participate remotely via computer using this URL:

<https://meetings.ringcentral.com/j/1498994745>

Or using this teleconference phone number and access code:

+1(623) 404-9000 Access Code: 149 899 4745 (press # after entering code)

When prompted, enter (speak) your full name.

You may provide the Committee with public comment in the following manner:

If you wish to make either a general public comment or to comment on a specific agenda item as it is being heard, or if you wish to make a comment on a specific agenda item, please: "raise your hand" digitally, or telephonically.

1. If you are joining via Zoom video, simply select "participants" at the bottom of your screen and choose the "raise your hand" icon on the right. This will notify us that you wish to speak.

2. If you are joining via telephone dial-in, please dial *9 to raise your hand. All participants, with the exception of Board Members and certain staff, will remain muted.

Please note the Committee Chair has the discretion to limit the speaker's time for any meeting or agenda matter. Typically, the practice has been 3 minutes per speaker on each item.

MEETING NOTICE

A REGULAR MEETING OF THE FINANCE COMMITTEE of the CENTRAL COAST WATER AUTHORITY

will be held at 8:30 a.m., on Thursday, April 23, 2020
digitally via URL: <https://meetings.ringcentral.com/j/1498994745>
or via telephone by dialing 1(623) 404-9000 and entering code 1498994745#

THE FOLLOWING ITEMS WILL BE DISCUSSED AT THE MEETING OF THE COMMITTEE AND A VOTE MAY BE TAKEN FOR THE PURPOSE OF RECOMMENDING ACTION BY THE BOARD OF DIRECTORS.

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

- I. **Call to Order and Roll Call**
- II. **Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**
- III. * **Minutes of the January 23, 2020 Meeting of the Finance Committee**
- IV. * **FY 2019/20 Third Quarter Investment Report**
- V. * **Annual Review of the CCWA Investment Policy**
- VI. **Reports from Committee Members for Information Only**
- VII. **Items for Next Regular Meeting Agenda**
 - A. **FY 2019/20 Fourth Quarter Investment Report**
- VIII. **Date of Next Regular Meeting: July 23, 2020**
- IX. **Adjournment**



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**MINUTES OF THE
CENTRAL COAST WATER AUTHORITY
MEETING OF THE FINANCE COMMITTEE**

January 23, 2020

I. Call to Order and Roll Call

Director Friedman called the January 23, 2020, meeting of the Central Coast Water Authority Finance Committee held at 255 Industrial Way, Buellton, California, to order at 8:45 a.m. Attachment No. 1 is a list of those in attendance.

Finance Committee members present were:

Farfalla Borah	Goleta Water District
Harlan Burchardi	Santa Ynez RWCD, ID #1
Eric Friedman	City of Santa Barbara

II. Public Comment

There was no public comment.

III. Minutes of the October 24, 2019 Finance Committee Meeting

Upon a motion by Director Burchardi, seconded by Director Borah and carried with all in favor and none opposed, the minutes of the October 24, 2019 Finance Committee Meeting were approved.

IV. FY 2019/20 Second Quarter Investment Report

Lisa Long, CCWA Controller, reported that as of December 31, 2019 the investment portfolio totaled \$51.5 million and had an effective rate of return of 2.03% on an average daily balance for the month of December 2019 of about \$52.8 million. The investment were comprised of the State of California Local Agency investment Fund (LAIF), \$44.3 million), the Montecito Bank and Trust money market accounts (\$3.2 million), U.S. Treasury Notes held in a Charles Schwab Brokerage Account (\$4 million).

All investments during the quarter complied with the CCWA investment policy provisions, and current pro forma projections indicate that the Authority will have sufficient cash with which to operate for the next six months.

Upon a motion by Director Borah, seconded by Director Burchardi and carried with all in favor and none opposed, the Committee recommended Board approval of the FY 2019/20 Second Quarter Investment Report.

V. FY Ended June 30, 2019 and 2018 Comprehensive Annual Financial Report

A brief description of highlights of the report, included in the meeting materials and available on www.ccwa.com, was provided to the Committee. A copy of the report from the Auditors, Nasif Hicks Harris and Company was also provided to the Committee members and Board.

Mr. Stokes noted that CCWA will be changing auditors due to a new government code that requires change of auditors every five years. Nasif Hicks and Harris has been CCWA auditors since its inception. An RFP for auditor services was sent out at the beginning of January.

Upon a motion by Director Borah, seconded by Director Burchardi and carried with all in favor and none opposed, the Finance Committee recommended Board approval of the FY Ended June 30, 2019 and 2018 Comprehensive Annual Financial Report.

VI. Ernst & Young Audit Report and Findings on the DWR Statement of Charges

Mr. Stokes provided an overview of the Ernst & Young Audit Report and Findings on the DWR Statement of Charges, which was provided in the meeting materials. The cost of the audit is being split with San Luis Obispo County. Misallocation of Transportation Minimum OMP&R costs of \$129 thousand and misallocation of the debt service for the Coastal Branch was also found in the amount of \$420 thousand. A continuing error in the amount charged to CCWA for DWR bond debt, which has been brought to DWR's attention multiple times over the last 10 years, totals over \$10 million.

An explanation of the steps being taken to resolve the errors was provided by Mr. Stokes.

Upon a motion by Director Borah, seconded by Director Burchardi, and carried with all in favor and none opposed, the Committee recommended Board approval of the Ernst & Young Audit Report and Findings on the DWR Statement of Charges.

VII. Reports from Committee Members for Information Only

There were no reports from Committee Members.

VIII. Items for Next Regular Meeting Agenda

A. Preliminary FY 2020/21 Budget

I. Date of Next Regular Meeting: March 12, 2020

(Joint Meeting with Operating Committee)

Following discussion, the Committee determined to eliminate the Joint Operating/Finance meeting. The Finance Committee will receive the Preliminary FY 2020/21 Budget at the March Board of Directors meeting. The next meeting of the Finance Committee will be April 23, 2020.

II. Adjournment

The meeting adjourned at 8:55 a.m.

Respectfully submitted,

Elizabeth Watkins
Secretary to the Board



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

April 15, 2020

TO: CCWA Finance Committee
FROM: Ray A. Stokes
Executive Director *RAS*
SUBJECT: FY 2019/20 Third Quarter Investment Report

SUMMARY

Attached is the third quarter FY 2019/20 investment report covering the three-month period of January to March 2020. In accordance with the CCWA Statement of Investment Policy, the quarterly report includes a statement of compliance of the portfolio with the investment policy and confirmation of the Authority's ability to meet expenditure requirements for the next six months.

DISCUSSION

As of March 31, 2020 the investment portfolio totaled \$34.2 million and had an effective rate of return of 1.78% on an average daily balance for the month of March 2020 of about \$34.4 million. The investments were comprised of the State of California Local Agency Investment Fund (LAIF), (\$25.6 million), and Montecito Bank & Trust money market accounts (\$4.1 million), and U.S. Treasury Notes held in a Charles Schwab Brokerage Account (\$4 million), and funds held by the CCWA revenue bond trustee for the April 1, 2020 bond interest payment (\$.5 million).

All investments during the quarter complied with the CCWA investment policy provisions.

CASH MANAGEMENT PRO FORMA PROJECTIONS

Current pro forma projections indicate that the Authority will have sufficient cash with which to operate for the next six months.

RECOMMENDATION

That the Finance Committee recommends Board approval of the third quarter FY 2019/20 investment report.

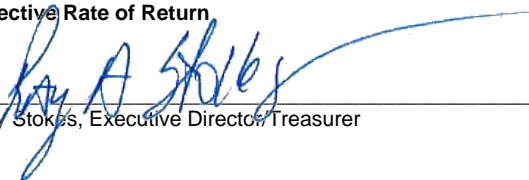
RAS
Attachments



Investment Portfolio Portfolio Management Portfolio Summary March 31, 2020

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
CCWA-LAIF	25,571,550.59	25,571,550.59	25,571,550.59	74.77	1	1	1.763	1.787
Pool-Money Market Accounts	4,140,164.76	4,140,164.76	4,140,164.76	12.11	1	1	0.631	0.640
Bond Trustee-Money Market Accounts	492,750.00	492,750.00	492,750.00	1.44	1	1	0.001	0.001
Treasury Securities	4,000,000.00	4,007,499.80	3,997,753.64	11.69	366	52	2.161	2.191
Investments	34,204,465.35	34,211,965.15	34,202,218.99	100.00%	44	7	1.647	1.670
Cash and Accrued Interest								
Accrued Interest at Purchase		88.32	88.32					
Subtotal		88.32	88.32					
Total Cash and Investments	34,204,465.35	34,212,053.47	34,202,307.31		44	7	1.647	1.670

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	52,150.35	936,443.04
Average Daily Balance	34,404,545.56	
Effective Rate of Return	1.78%	



 Ray Stokes, Executive Director/Treasurer
 04/15/2020

**Investment Portfolio
Portfolio Management
Portfolio Details - Investments
March 31, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
CCWA-LAIF												
90-42-006	10001	State of CA LAIF			25,571,550.59	25,571,550.59	25,571,550.59	1.787	AAA	1.787	1	
Subtotal and Average			29,119,937.69		25,571,550.59	25,571,550.59	25,571,550.59			1.787	1	
Pool-Money Market Accounts												
SYS10023	10023	Montecito Bank & Trust			5.96	5.96	5.96	0.150		0.150	1	
SYS10041	10041	Montecito Bank & Trust			4,140,158.45	4,140,158.45	4,140,158.45	0.640		0.640	1	
SYS10024	10024	Rabobank			0.00	0.00	0.00	0.330		0.330	1	
SYS10056	10056	Charles Schwab			0.35	0.35	0.35	1.660		1.660	1	
SYS10057	10057	Charles Schwab			0.00	0.00	0.00	0.300		0.300	1	
22005532	10004	Wells Fargo Money Market Accou			0.00	0.00	0.00	0.215		0.215	1	
Subtotal and Average			1,255,587.85		4,140,164.76	4,140,164.76	4,140,164.76			0.640	1	
Bond Trustee-Money Market Accounts												
SYS10010	10010	Bank of New York-Bond Trustee			492,750.00	492,750.00	492,750.00	0.001		0.001	1	
SYS10013	10013	Bank of New York-Bond Trustee			0.00	0.00	0.00	0.001		0.001	1	
Subtotal and Average			32,278.86		492,750.00	492,750.00	492,750.00			0.001	1	
Treasury Securities												
912828X21	10066	U.S. Treasury		04/15/2019	2,000,000.00	2,000,312.40	1,999,294.74	1.500		2.439	14	04/15/2020
912828XH8	10068	U.S. Treasury		07/01/2019	2,000,000.00	2,007,187.40	1,998,458.90	1.625		1.943	90	06/30/2020
Subtotal and Average			3,996,741.16		4,000,000.00	4,007,499.80	3,997,753.64			2.191	52	
Total and Average			34,404,545.56		34,204,465.35	34,211,965.15	34,202,218.99			1.670	7	

**Investment Portfolio
Portfolio Management
Portfolio Details - Cash
March 31, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Average Balance			0.00	Accrued Interest at Purchase		88.32	88.32				0
				Subtotal		88.32	88.32				
Total Cash and Investments			34,404,545.56		34,204,465.35	34,212,053.47	34,202,307.31			1.670	7



**Investment Pool
Total Return
Sorted by Fund - Fund
March 1, 2020 - March 31, 2020
Yield on Time Weighted Value**

CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
Fund: General Account												
SYS10.0000	10.0000	0000	Amortized	7,494,277.66	6,496,630.91	6,821,207.78		2.126	2.155	11,893.26	0.00	11,893.26
			Subtotal	7,494,277.66	6,496,630.91	6,821,207.78			2.155	11,893.26	0.00	11,893.26
Fund: Credits Payable												
SYS70.BUEL	70.BUEL	CREDIT	Amortized	-3.72	-3.72	-3.71		3.122	3.165	-0.01	0.00	-0.01
SYS70.CARP	70.CARP	CREDIT	Amortized	70,549.56	70,549.59	70,550.34		2.126	2.155	129.15	0.00	129.15
SYS70.CHORRO	70.CHORRO	CREDIT	Amortized	34,890.63	34,890.64	34,891.03		2.126	2.155	63.87	0.00	63.87
SYS70.GOLETA	70.GOLETA	CREDIT	Amortized	159,050.25	159,050.31	159,052.00		2.126	2.155	291.17	0.00	291.17
SYS70.GUAD	70.GUAD	CREDIT	Amortized	0.10	0.10	0.10		2.358		0.00	0.00	0.00
SYS70.LACUMB	70.LACUMB	CREDIT	Amortized	-2.40	-2.40	-2.40		2.131	4.906	-0.01	0.00	-0.01
SYS70.LOPEZ	70.LOPEZ	CREDIT	Amortized	39,920.04	39,920.05	39,920.49		2.126	2.155	73.08	0.00	73.08
SYS70.MONT	70.MONT	CREDIT	Amortized	107,843.07	107,843.11	107,844.36		2.126	2.156	197.43	0.00	197.43
SYS70.MORHRT	70.MORHRT	CREDIT	Amortized	-0.46	-0.46	-0.46		2.083		0.00	0.00	0.00
SYS70.SBAR	70.SBAR	CREDIT	Amortized	-2.49	-2.49	-2.49		2.052	4.729	-0.01	0.00	-0.01
SYS70.SBRC	70.SBRC	CREDIT	Amortized	-0.13	-0.13	-0.13		3.950		0.00	0.00	0.00
SYS70.SHAN	70.SHAN	CREDIT	Amortized	-1,779.10	-1,779.10	-1,779.12		2.128	2.157	-3.26	0.00	-3.26
SYS70.SLOC	70.SLOC	CREDIT	Amortized	0.06	0.06	0.06		0.698		0.00	0.00	0.00
SYS70.SMARIA	70.SMARIA	CREDIT	Amortized	-49.34	-49.34	-49.25		2.118	2.148	-0.09	0.00	-0.09
SYS70.SOCAL	70.SOCAL	CREDIT	Amortized	-1.34	-1.34	-1.34		2.745	8.787	-0.01	0.00	-0.01
SYS70.SOLV	70.SOLV	CREDIT	Amortized	-9.02	-9.02	-9.00		2.575	2.611	-0.02	0.00	-0.02
SYS70.SYNEZ	70.SYNEZ	CREDIT	Amortized	-20,307.26	-20,307.26	-20,307.24		2.126	2.156	-37.18	0.00	-37.18
SYS70.VAFB	70.VAFB	CREDIT	Amortized	409,487.11	409,487.29	409,492.68		2.126	2.156	749.65	0.00	749.65
			Subtotal	799,585.56	799,585.89	799,595.92			2.155	1,463.76	0.00	1,463.76
Fund: Debt Service Payments												
SYS55.AVBCH	55.AVBCH	DEBT	Amortized	725.63	725.63	725.66		2.129	2.158	1.33	0.00	1.33
SYS55.BUEL	55.BUEL	DEBT	Amortized	16,104.16	16,104.18	16,104.89		2.126	2.155	29.48	0.00	29.48
SYS55.CAMC	55.CAMC	DEBT	Amortized	6,347.56	6,347.57	6,347.85		2.126	2.155	11.62	0.00	11.62
SYS55.CARP	55.CARP	DEBT	Amortized	62,589.58	62,589.67	62,592.41		2.126	2.155	114.58	0.00	114.58
SYS55.CUESTA	55.CUESTA	DEBT	Amortized	3,173.89	3,173.89	3,174.03		2.126	2.155	5.81	0.00	5.81
SYS55.GOLETA	55.GOLETA	DEBT	Amortized	151,040.76	151,040.98	151,047.55		2.126	2.155	276.51	0.00	276.51

**Investment Pool
Total Return
Sorted by Fund - Fund**

CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
Fund: Debt Service Payments												
SYS55.GUAD	55.GUAD	DEBT	Amortized	9,050.85	9,050.86	9,051.26		2.126	2.156	16.57	0.00	16.57
SYS55.LACUMB	55.LACUMB	DEBT	Amortized	33,316.83	33,316.88	33,318.34		2.126	2.155	60.99	0.00	60.99
SYS55.MONT	55.MONT	DEBT	Amortized	109,564.07	109,564.23	109,569.03		2.126	2.156	200.58	0.00	200.58
SYS55.MORBAY	55.MORBAY	DEBT	Amortized	40,954.60	40,954.66	40,956.46		2.126	2.155	74.97	0.00	74.97
SYS55.MORHRT	55.MORHRT	DEBT	Amortized	7,046.26	7,046.27	7,046.58		2.126	2.156	12.90	0.00	12.90
SYS55.OCEANO	55.OCEANO	DEBT	Amortized	5,305.72	5,305.73	5,305.96		2.125	2.155	9.71	0.00	9.71
SYS55.PISMO	55.PISMO	DEBT	Amortized	8,768.99	8,769.00	8,769.39		2.126	2.155	16.05	0.00	16.05
SYS55.SBAR	55.SBAR	DEBT	Amortized	92,850.06	92,850.19	92,854.23		2.126	2.155	169.98	0.00	169.98
SYS55.SBRC	55.SBRC	DEBT	Amortized	1,514.65	1,514.65	1,514.72		2.124	2.153	2.77	0.00	2.77
SYS55.SHAN	55.SHAN	DEBT	Amortized	718.51	718.51	718.54		2.133	2.163	1.32	0.00	1.32
SYS55.SLOC	55.SLOC	DEBT	Amortized	6,761.46	6,761.47	6,761.77		2.126	2.156	12.38	0.00	12.38
SYS55.SOLV	55.SOLV	DEBT	Amortized	47,921.65	47,921.72	47,923.80		2.126	2.155	87.73	0.00	87.73
SYS55.SYNEZ	55.SYNEZ	DEBT	Amortized	17,997.13	17,997.16	17,997.94		2.126	2.156	32.95	0.00	32.95
Subtotal				621,752.36	621,753.25	621,780.41			2.155	1,138.23	0.00	1,138.23
Fund: DWR & Warren Act Deposits												
SYS60.BUEL	60.BUEL	DWR	Amortized	131,343.52	138,813.31	119,532.04		2.126	2.155	254.12	0.00	254.12
SYS60.CARP	60.CARP	DWR	Amortized	621,461.48	602,145.53	590,563.23		2.126	2.155	1,102.34	0.00	1,102.34
SYS60.GOLETA	60.GOLETA	DWR	Amortized	1,679,686.68	1,610,223.68	1,320,832.74		2.126	2.155	2,947.81	0.00	2,947.81
SYS60.GUAD	60.GUAD	DWR	Amortized	136,037.11	129,868.06	104,167.46		2.126	2.156	237.75	0.00	237.75
SYS60.LACUMB	60.LACUMB	DWR	Amortized	323,239.74	308,070.98	241,232.16		2.126	2.155	563.98	0.00	563.98
SYS60.MONT	60.MONT	DWR	Amortized	1,478,002.51	1,435,997.12	1,261,003.33		2.126	2.155	2,628.85	0.00	2,628.85
SYS60.MORHRT	60.MORHRT	DWR	Amortized	37,786.41	39,379.34	29,599.72		2.126	2.155	72.09	0.00	72.09
SYS60.SBAR	60.SBAR	DWR	Amortized	1,647,446.59	1,606,377.20	1,435,285.48		2.126	2.155	2,940.77	0.00	2,940.77
SYS60.SBRC	60.SBRC	DWR	Amortized	12,726.27	13,494.44	11,244.52		2.126	2.155	24.70	0.00	24.70
SYS60.SMARIA	60.SMARIA	DWR	Amortized	3,495,920.22	3,357,507.30	3,570,519.45		2.126	2.155	6,146.53	0.00	6,146.53
SYS60.SOCAL	60.SOCAL	DWR	Amortized	117,097.78	130,876.71	140,967.19		2.126	2.155	239.59	0.00	239.59
SYS60.SOLV	60.SOLV	DWR	Amortized	372,777.03	351,712.25	263,952.44		2.126	2.155	643.87	0.00	643.87
SYS60.SYNEZ	60.SYNEZ	DWR	Amortized	278,536.83	280,092.69	380,057.94		2.126	2.155	512.76	0.00	512.76
SYS60.VAFB	60.VAFB	DWR	Amortized	2,659,995.55	2,620,645.58	2,296,661.98		2.126	2.155	4,797.57	0.00	4,797.57
Subtotal				12,992,057.72	12,625,204.19	11,765,619.68			2.155	23,112.73	0.00	23,112.73
Fund: Escrow Deposits												
SYS65.MORHRT	65.MORHRT	ESCROW	Amortized	413,124.67	413,124.87	413,130.73		2.126	2.155	756.30	0.00	756.30
SYS65.SBRC	65.SBRC	ESCROW	Amortized	110,160.37	110,160.42	110,161.99		2.126	2.155	201.67	0.00	201.67
Subtotal				523,285.04	523,285.29	523,292.72			2.155	957.97	0.00	957.97

**Investment Pool
Total Return
Sorted by Fund - Fund**

CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income			
										Interest Earned	Adjustment in Value	Net Investment Income	
Fund: Non-Annual Recurring Expense													
SYS45.AVBCH	45.AVBCH	NARES	Amortized	0.00	0.00	0.00		3.364			0.00	0.00	0.00
SYS45.AVLWTR	45.AVLWTR	NARES	Amortized	0.00	0.00	0.00		3.576			0.00	0.00	0.00
SYS45.BUEL	45.BUEL	NARES	Amortized	45,233.64	45,233.66	45,234.23		2.126	2.156		82.81	0.00	82.81
SYS45.CAMC	45.CAMC	NARES	Amortized	0.00	0.00	0.00		3.349			0.00	0.00	0.00
SYS45.CARP	45.CARP	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
SYS45.CUESTA	45.CUESTA	NARES	Amortized	0.00	0.00	0.00		3.300			0.00	0.00	0.00
SYS45.GOLETA	45.GOLETA	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
SYS45.GUAD	45.GUAD	NARES	Amortized	23,996.63	23,996.64	23,996.92		2.126	2.155		43.93	0.00	43.93
SYS45.LACUMB	45.LACUMB	NARES	Amortized	68,762.39	68,762.42	68,763.23		2.126	2.155		125.88	0.00	125.88
SYS45.MONT	45.MONT	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
SYS45.MORBAY	45.MORBAY	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
SYS45.MORHRT	45.MORHRT	NARES	Amortized	18,885.74	18,885.75	18,885.98		2.126	2.155		34.57	0.00	34.57
SYS45.OCEANO	45.OCEANO	NARES	Amortized	0.00	0.00	0.00		3.352			0.00	0.00	0.00
SYS45.PISMO	45.PISMO	NARES	Amortized	0.00	0.00	0.00		3.365			0.00	0.00	0.00
SYS45.SBAR	45.SBAR	NARES	Amortized	183,330.88	183,330.95	183,333.06		2.126	2.155		335.62	0.00	335.62
SYS45.SBRC	45.SBRC	NARES	Amortized	4,918.30	4,918.30	4,918.36		2.125	2.155		9.00	0.00	9.00
SYS45.SHAN	45.SHAN	NARES	Amortized	0.00	0.00	0.00		3.305			0.00	0.00	0.00
SYS45.SLOC	45.SLOC	NARES	Amortized	0.00	0.00	0.00		3.347			0.00	0.00	0.00
SYS45.SLSCHL	45.SLSCHL	NARES	Amortized	0.00	0.00	0.00		2.931			0.00	0.00	0.00
SYS45.SMARIA	45.SMARIA	NARES	Amortized	935,222.07	935,222.45	935,233.87		2.126	2.155		1,712.10	0.00	1,712.10
SYS45.SMGLTO	45.SMGLTO	NARES	Amortized	0.00	0.00	0.00		3.322			0.00	0.00	0.00
SYS45.SOCAL	45.SOCAL	NARES	Amortized	37,303.76	37,303.77	37,304.22		2.126	2.155		68.29	0.00	68.29
SYS45.SOLV	45.SOLV	NARES	Amortized	123,941.64	123,941.69	123,943.21		2.126	2.156		226.90	0.00	226.90
SYS45.SYNEZ	45.SYNEZ	NARES	Amortized	129,608.50	129,608.56	129,610.35		2.126	2.155		237.27	0.00	237.27
SYS45.VAFB	45.VAFB	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
			Subtotal	1,571,203.55	1,571,204.19	1,571,223.43			2.155		2,876.37	0.00	2,876.37
Fund: O&M Reserve Fund													
35.BUEL	35.BUEL	O&M	Amortized	29,836.36	29,836.37	29,836.80		2.126	2.155		54.62	0.00	54.62
35.CARP	35.CARP	O&M	Amortized	104,534.60	104,534.65	104,536.15		2.126	2.155		191.37	0.00	191.37
35.GOLETA	35.GOLETA	O&M	Amortized	235,203.65	235,203.76	235,207.13		2.126	2.155		430.58	0.00	430.58
35.GUAD	35.GUAD	O&M	Amortized	28,390.99	28,391.00	28,391.41		2.126	2.155		51.97	0.00	51.97
35.LACUMB	35.LACUMB	O&M	Amortized	51,614.11	51,614.13	51,614.88		2.126	2.156		94.49	0.00	94.49
35.MONT	35.MONT	O&M	Amortized	156,801.72	156,801.79	156,804.04		2.126	2.155		287.05	0.00	287.05
35.MORHRT	35.MORHRT	O&M	Amortized	10,324.00	10,324.00	10,324.15		2.126	2.155		18.90	0.00	18.90
35.SBAR	35.SBAR	O&M	Amortized	154,860.01	154,860.08	154,862.31		2.126	2.155		283.50	0.00	283.50
35.SBRC	35.SBRC	O&M	Amortized	2,580.98	2,580.98	2,581.02		2.124	2.153		4.72	0.00	4.72

**Investment Pool
Total Return
Sorted by Fund - Fund**

CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
Fund: O&M Reserve Fund												
35.SMARIA	35.SMARIA	O&M	Amortized	836,243.97	836,244.37	836,256.38		2.126	2.155	1,530.90	0.00	1,530.90
35.SOCAL	35.SOCAL	O&M	Amortized	25,810.00	25,810.01	25,810.38		2.126	2.155	47.25	0.00	47.25
35.SOLV	35.SOLV	O&M	Amortized	77,430.00	77,430.04	77,431.15		2.126	2.155	141.75	0.00	141.75
35.SYNEZ	35.SYNEZ	O&M	Amortized	26,132.75	26,132.76	26,133.14		2.126	2.155	47.84	0.00	47.84
35.VAFB	35.VAFB	O&M	Amortized	395,138.56	395,138.75	395,144.40		2.126	2.155	723.37	0.00	723.37
Subtotal				2,134,901.70	2,134,902.69	2,134,933.34			2.155	3,908.31	0.00	3,908.31
Fund: Repaid State Water Payments												
SYS50.LACUMB	50.LACUMB	PREPAY	Amortized	0.00	0.00	0.00		3.059		0.00	0.00	0.00
SYS50.OCEANO	50.OCEANO	PREPAY	Amortized	0.00	0.00	0.00		3.056		0.00	0.00	0.00
SYS50.SMARIA	50.SMARIA	PREPAY	Amortized	0.00	0.00	0.00		2.982		0.00	0.00	0.00
SYS50.PISMO	50.PISMO	PREPAY	Amortized	0.00	0.00	0.00		5.186		0.00	0.00	0.00
Subtotal				0.00	0.00	0.00				0.00	0.00	0.00
Fund: Rate Coverage Reserve Fund												
40.BUEL	40.BUEL	RATE	Amortized	280,692.72	280,692.85	280,696.87		2.126	2.155	513.86	0.00	513.86
40.CARP	40.CARP	RATE	Amortized	857,056.30	857,056.71	857,068.97		2.126	2.155	1,569.00	0.00	1,569.00
40.GUAD	40.GUAD	RATE	Amortized	195,052.73	195,052.82	195,055.62		2.126	2.155	357.08	0.00	357.08
40.LACUMB	40.LACUMB	RATE	Amortized	408,820.28	408,820.48	408,826.33		2.126	2.155	748.42	0.00	748.42
40.MONT	40.MONT	RATE	Amortized	1,489,215.49	1,489,216.20	1,489,237.51		2.126	2.155	2,726.28	0.00	2,726.28
40.OCEANO	40.OCEANO	RATE	Amortized	-0.02	-0.02	-0.02		0.631		0.00	0.00	0.00
40.SHAN	40.SHAN	RATE	Amortized	15,528.90	15,528.91	15,529.13		2.126	2.156	28.43	0.00	28.43
40.SMARIA	40.SMARIA	RATE	Amortized	5,107,383.36	5,107,385.80	5,107,458.93		2.126	2.155	9,350.00	0.00	9,350.00
40.SOLV	40.SOLV	RATE	Amortized	624,851.63	624,851.93	624,860.87		2.126	2.155	1,143.91	0.00	1,143.91
40.SYNEZ	40.SYNEZ	RATE	Amortized	470,721.56	470,721.78	470,728.52		2.126	2.155	861.74	0.00	861.74
Subtotal				9,449,322.95	9,449,327.46	9,449,462.73			2.155	17,298.72	0.00	17,298.72
Total				35,586,386.54	34,221,893.87	33,687,116.01			2.155	62,649.35	0.00	62,649.35

Components of Return: Interest: 2.155
Amortization:
Market Value:



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

April 23, 2020

TO: CCWA Finance Committee

FROM: Ray A Stokes
Executive Director 

SUBJECT: Annual Review of the CCWA Investment Policy

SUMMARY

Section XV of the CCWA Investment Policy states the "...investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends."

This memo is intended to provide the Finance Committee an opportunity to review the attached CCWA Investment Policy and consider changes to the policy as appropriate.

DISCUSSION

The CCWA Investment Policy is prepared in conformance with Government Code Section 53630-53686 which addresses investment of surplus funds by local government agencies. There have been no significant changes in Government Code Section 53630-53686 since the last review of the CCWA Investment Policy which require an amendment to the policy.

RAS

Attachment

CENTRAL COAST WATER AUTHORITY
STATEMENT OF INVESTMENT POLICY

I. PURPOSE:

This statement is intended to provide guidelines for the prudent investment of the Authority's cash balances, and outline the policies for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while protecting its assets.

II. SCOPE

It is intended that this policy cover all funds and investment activities under the direct authority of the Authority Board of Directors.

III. OBJECTIVES

- A. Safety. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.

- B. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet cash requirements.

- C. Yield. Yield shall become a consideration only after the basic requirements of safety and liquidity have been met.

- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- F. Prudence. The standard of prudence to be used by investment officials shall be the "Prudent Investor Standard" per Government Code section 53600.3 which states: "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". This "Prudent Investor Standard" shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. DELEGATION OF AUTHORITY:

- A. Investment Officer. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
- B. Investment Oversight Committee. The Authority Finance Committee shall serve as the Investment Oversight Committee. The purpose of the Committee is to: (1) review the investment practices used by the Investment Officer for compliance with the investment policy and written procedures, (2) analysis of the quarterly Treasurer's report for adherence to established guidelines, and (3) advise Authority Board of Directors of any deviations from guidelines or any practices which are deemed to be imprudent for a public agency.

V. INTERNAL CONTROLS:

The Investment Officer shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority.

VI. REPORTING:

The Investment Officer shall submit quarterly to the Board an investment report that summarizes all securities. For those securities with a maturity of more than 12 months, the type of investment, institution, date of maturity, investment amount, market value, and yield will also be provided. The Investment Officer shall also provide, on a quarterly basis, a statement of compliance of the portfolio with the Statement of Investment Policy and a statement of the Authority's ability to meet the expenditure requirements for the next six months.

VII. APPROVED INSTRUMENTS:

The Authority shall be governed by the California Government Code, Sections 53600 et seq. Where this policy specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Within the context of these limitations, the following investments are authorized, provided, however, that where there is no limitation on the term of the investment, no investment shall be made in any security which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless specifically exempted in Section X of this Investment Policy or the Board has granted express authority to make that investment no less than 3 months prior to the investment:

- (a) United States notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Obligations issued by government sponsored corporations such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), and the Federal National Mortgage Association (FNMA).

- (c) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and have a rating of A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service and which matures not more than 270 days after the date of purchase. Purchases of commercial paper may not exceed 25 percent of the Authority's surplus money invested.

Commercial paper investments with one company may not exceed one-third (33 1/3%) of total commercial paper investments.

- (d) Time deposits. The Authority may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- (e) Local Agency Investment Fund. The Authority may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer up to the maximum permitted by State law.
- (f) Money market funds rated "AAAm" or AAAM-G" or better by Standard & Poor's Corporation.
- (g) Collateralized money market accounts. The Authority may invest in money market accounts at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.

VIII. DEPOSITORIES:

The Treasurer will establish selection criteria in conformance with Government Code Sections 53630.5, 53635.8, and 53638 for pre-approval of institutions with which to do business. To qualify for selection an institution must be a California branch office of a foreign, state, or national bank that is authorized under the law of its domicile and federal law. Pre-approved institutions will carry sufficient insurance from the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance, and maintain policies as indicated in Government Code Section 53635.8 regarding insurance and capitalization of deposits. A written list of approved institutions will be maintained by the Investment Officer.

IX. BROKER/DEALERS:

To provide for the optimum yield in the investment of the Authority's funds, the Authority's investment procedures shall be designed to encourage competitive bidding on transactions from approved brokers/dealers. In order to be approved by the Authority, the dealer must be a primary dealer reporting to the New York Federal Reserve, unless a comprehensive credit and capitalization analysis reveals that the firm is adequately financed to conduct public business; the dealer must be experienced in institutional trading practices and familiar with the California Government Code as related to investments; and other criteria as may be established in the investment procedures.

X. MATURITY RESTRICTIONS:

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the Authority's combined portfolio shall not exceed 2 years without prior approval of the Board (for a specified period). Reserve Fund investments are exempt from this restriction; however, reserve fund investment maturities shall be limited to or prior to final maturity of the Authority's Bond Financing.

XI. RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity. In addition to these general policy considerations, the following specific policies will be strictly observed.

XII. SAFEKEEPING AND CUSTODY:

To protect against potential fraud and embezzlement, the assets of the Authority shall be secured through third-party custody and safekeeping procedures. The Investment Officer shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by the independent auditor and any irregularities noted should be reported promptly to the Treasurer and the Board.

XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT:

The quarterly investment reports submitted to the Board shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

XIV. ETHICS:

All persons authorized to place or approve investments shall report annually on Form 700 of the Fair Political Practices Commission all required economic interests for that year.

XV. UPDATE OF POLICY:

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.

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