



## 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 28, 2022  
at 255 Industrial Way, Buellton, California

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Committee less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

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 27, 2022 Meeting of the Finance Committee**  
*Staff Recommendation:* Approve Minutes of the January 27, 2022 Meeting of the Finance Committee
- IV. \* FY 2021/22 Third Quarter Investment Report**  
*Staff Recommendation:* Recommend Board approval of the Third Quarter FY 2021/22 Investment Report.
- V. \* Annual Review of the CCWA Investment Policy**  
*Staff Recommendation:* Recommend Board consider matter and direct no changes to the existing CCWA Investment Policy.
- VI. Reports from Committee Members for Information Only**
- VII. Items for Next Regular Meeting Agenda**
  - A. FY 2021/22 Fourth Quarter Investment Report
- VIII. Date of Next Regular Meeting: July 28, 2022**
- IX. Adjournment**

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

**January 27, 2022**

The Finance Committee meeting was conducted pursuant to California Government Code Section 54953 and Governor Newsom's Executive Order, N-29-20, temporarily suspending portions of the Brown Act to implement social distancing in response to the COVID-19 pandemic. Members of the Committee participated in this meeting by video call or telephone. Public Comment on agenda items also occurred telephonically.

Ms. Lisa Watkins, Board Secretary, confirmed that all Committee members could hear each other, had received a copy of the meeting agenda, and could hear the proceedings.

**I. Call to Order and Roll Call**

Director Friedman called the January 27, 2022, Central Coast Water Authority meeting of the Finance Committee to order at 8:34 a.m.

Finance Committee members present were:

Jeff Clay	Santa Ynez River Water Conservation District, ID#1
Eric Friedman	City of Santa Barbara
Farfalla Borah	Goleta Water District

**II. Consideration of a Resolution No. 22-01 to Authorize the Finance Committee to Meet via Remote Teleconference Pursuant to the Brown Act as Amended by Assembly Bill 361**

Staff requested approval of adopt Resolution No. 22-01 of the Finance Committee with specific findings to continue to hold remote teleconference meetings during the COVID-19 pandemic pursuant to amendments to the Ralph M. Brown Act (Brown Act) by Assembly Bill (AB) 361.

Upon a motion by Director Borah, seconded by Director Clay and carried following a roll call vote with Committee Members Borah, Clay and Friedman in favor and none opposed, the Committee adopted Resolution 21-01 of the Finance Committee of the Central Coast Water Authority Authorizing Remote Teleconference Meetings under the Ralph M. Brown Act, and found that this action is exempt from review pursuant to the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines (Cal. Code Regs., tit 14, § 15000 et seq.) Section 15061(b)(3), the "common sense" exemption that CEQA only applies to projects that have the potential for causing a significant effect on the environment.

**III. Public Comment**

There was no public comment.

**IV. Minutes of the October 28, 2021 Finance Committee Meeting**

Upon a motion by Director Clay, seconded by Director Borah and carried following a roll call vote with Directors Borah, Clay and Friedman in favor and none opposed, the minutes of the October 28, 2021 Finance Committee Meeting were approved.

**V. FY 2021/22 Second Quarter Investment Report**

As of December 31, 2021 the investment portfolio totaled \$55.73 million and had an effective rate of return of .23% on an average daily balance for the month of December 2021 of about \$56.8 million. The investments were comprised of the State of California Local Agency Investment Fund (LAIF), (\$52.8 million), and Montecito Bank & Trust money market accounts (\$2.9 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 Clay and carried following a roll call vote with Directors Borah, Clay and Friedman in favor and none opposed, the Finance Committee recommended Board approval of the FY 2021/22 Second Quarter Investment Report.

**VI. FY Ended June 30, 2021 and 2020 Comprehensive Annual Financial Report**

The CCWA Comprehensive Annual Financial Report for the fiscal years ended June 30, 2021 and 2020 was included in the meeting materials. An overview and summary of the CAFR is provided in Management's Discussion and Analysis in the report. CCWA's auditor, Glenn Burdette, expressed an unqualified opinion.

Upon a motion by Director Clay, seconded by Director Borah and carried following a roll call vote with Directors Borah, Clay and Friedman in favor and none opposed, the Committee recommended Board approval of the CCWA Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2021 and 2020.

**VII. Reports from Committee Members for Information Only**

There were no reports from Committee members.

**VIII. Items for Next Regular Meeting Agenda**

A. FY 2021/22 Third Quarter Investment Report

**IX. Date of Next Regular Meeting: April 28, 2022**

**X. Adjournment**

The meeting adjourned at 8:40 a.m.

Respectfully submitted,

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Elizabeth Watkins  
Secretary to the Board



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

April 28, 2022

**TO:** CCWA Finance Committee

**FROM:** Dessi Mladenova  
Controller

**SUBJECT:** FY 2021/22 Third Quarter Investment Report

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#### **SUMMARY**

Attached is the third quarter FY 2021/22 investment report covering the three-month period of January to March 2022. 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, 2022 the investment portfolio totaled \$36.9 million and had an effective rate of return of .32% on an average daily balance for the month of March 2022 of about \$38.3 million. The investments were comprised of the State of California Local Agency Investment Fund (LAIF), (\$36.2 million), and Montecito Bank & Trust money market accounts (\$0.7 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 2021/22 investment report.

DHM  
Attachments




## Investment Portfolio Portfolio Management Portfolio Summary March 31, 2022

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
CCWA-LAIF	36,175,325.18	36,175,325.18	36,175,325.18	97.97	1	1	0.360	0.365
Pool-Money Market Accounts	750,031.40	750,031.40	750,031.40	2.03	1	1	0.227	0.230
Bond Trustee-Money Market Accounts	8.10	8.10	8.10	0.00	1	1	0.001	0.001
<b>Investments</b>	<b>36,925,364.68</b>	<b>36,925,364.68</b>	<b>36,925,364.68</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>0.357</b>	<b>0.362</b>

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	10,371.45	114,311.12

Average Daily Balance **38,345,141.98**  
 Effective Rate of Return **0.32%**

  
 Ray Stokes, Executive Director/Treasurer

04/20/2022



**Investment Pool  
Total Return  
Sorted by Fund - Investment Number  
March 1, 2022 - March 31, 2022  
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
<b>Fund: General Account</b>												
SYS10.0000	10.0000	0000	Amortized	7,488,668.96	6,809,507.52	6,847,521.30		0.462	0.468	2,708.06	0.00	2,708.06
			<b>Subtotal</b>	<b>7,488,668.96</b>	<b>6,809,507.52</b>	<b>6,847,521.30</b>			<b>0.468</b>	<b>2,708.06</b>	<b>0.00</b>	<b>2,708.06</b>
<b>Fund: Credits Payable</b>												
SYS70.BUEL	70.BUEL	CREDIT	Amortized	15,130.64	15,130.64	15,130.68		0.462	0.468	6.02	0.00	6.02
SYS70.CARP	70.CARP	CREDIT	Amortized	22,570.08	21,441.05	17,570.13		0.462	0.468	8.53	0.00	8.53
SYS70.CHORRO	70.CHORRO	CREDIT	Amortized	60,085.60	60,085.60	60,085.74		0.462	0.468	23.90	0.00	23.90
SYS70.GOLETA	70.GOLETA	CREDIT	Amortized	49,636.79	49,636.79	49,636.90		0.462	0.468	19.74	0.00	19.74
SYS70.GUAD	70.GUAD	CREDIT	Amortized	18,583.23	18,583.23	18,583.27		0.462	0.468	7.39	0.00	7.39
SYS70.LACUMB	70.LACUMB	CREDIT	Amortized	5,531.09	5,531.09	5,531.10		0.462	0.468	2.20	0.00	2.20
SYS70.LOPEZ	70.LOPEZ	CREDIT	Amortized	68,425.32	68,425.33	68,425.48		0.462	0.468	27.21	0.00	27.21
SYS70.MONT	70.MONT	CREDIT	Amortized	33,864.75	33,864.75	33,864.83		0.462	0.468	13.47	0.00	13.47
SYS70.MORHRT	70.MORHRT	CREDIT	Amortized	883.35	883.35	883.35		0.460	0.467	0.35	0.00	0.35
SYS70.SBAR	70.SBAR	CREDIT	Amortized	36.21	36.21	36.21		0.321	0.325	0.01	0.00	0.01
SYS70.SBRC	70.SBRC	CREDIT	Amortized	254.54	254.54	254.54		0.456	0.463	0.10	0.00	0.10
SYS70.SHAN	70.SHAN	CREDIT	Amortized	2,900.38	2,900.38	2,900.39		0.460	0.467	1.15	0.00	1.15
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	320,364.26	320,364.28	320,365.01		0.462	0.468	127.41	0.00	127.41
SYS70.SOCAL	70.SOCAL	CREDIT	Amortized	5,328.70	5,328.70	5,328.71		0.462	0.468	2.12	0.00	2.12
SYS70.SOLV	70.SOLV	CREDIT	Amortized	45,034.91	45,034.91	45,035.02		0.462	0.468	17.91	0.00	17.91
SYS70.SYNEZ	70.SYNEZ	CREDIT	Amortized	-78.46	-78.46	-78.45		0.444	0.450	-0.03	0.00	-0.03
SYS70.VAFB	70.VAFB	CREDIT	Amortized	664,355.12	664,355.17	664,356.64		0.462	0.468	264.20	0.00	264.20
			<b>Subtotal</b>	<b>1,312,906.57</b>	<b>1,311,777.62</b>	<b>1,307,909.61</b>			<b>0.468</b>	<b>521.68</b>	<b>0.00</b>	<b>521.68</b>
<b>Fund: Debt Service Payments</b>												
SYS55.AVBCH	55.AVBCH	DEBT	Amortized	54.01	54.01	54.01		0.430	0.436	0.02	0.00	0.02
SYS55.BUEL	55.BUEL	DEBT	Amortized	1,252.65	1,252.65	1,252.65		0.464	0.470	0.50	0.00	0.50
SYS55.CAMC	55.CAMC	DEBT	Amortized	473.00	473.00	473.00		0.466	0.473	0.19	0.00	0.19
SYS55.CARP	55.CARP	DEBT	Amortized	3,920.27	3,920.27	3,920.28		0.462	0.469	1.56	0.00	1.56
SYS55.CUESTA	55.CUESTA	DEBT	Amortized	236.38	236.38	236.38		0.442	0.448	0.09	0.00	0.09
SYS55.GOLETA	55.GOLETA	DEBT	Amortized	9,411.69	9,411.69	9,411.71		0.461	0.468	3.74	0.00	3.74

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

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
<b>Fund: Debt Service Payments</b>												
SYS55.GUAD	55.GUAD	DEBT	Amortized	679.36	679.36	679.36		0.462	0.468	0.27	0.00	0.27
SYS55.LACUMB	55.LACUMB	DEBT	Amortized	2,110.28	2,110.28	2,110.28		0.462	0.469	0.84	0.00	0.84
SYS55.MONT	55.MONT	DEBT	Amortized	6,837.14	6,837.14	6,837.16		0.462	0.468	2.72	0.00	2.72
SYS55.MORBAY	55.MORBAY	DEBT	Amortized	3,050.07	3,050.07	3,050.08		0.461	0.467	1.21	0.00	1.21
SYS55.MORHRT	55.MORHRT	DEBT	Amortized	514.63	514.63	514.63		0.451	0.458	0.20	0.00	0.20
SYS55.OCEANO	55.OCEANO	DEBT	Amortized	395.16	395.16	395.16		0.470	0.477	0.16	0.00	0.16
SYS55.PISMO	55.PISMO	DEBT	Amortized	653.07	653.07	653.07		0.462	0.469	0.26	0.00	0.26
SYS55.SBAR	55.SBAR	DEBT	Amortized	5,786.02	5,786.02	5,786.03		0.462	0.468	2.30	0.00	2.30
SYS55.SBRC	55.SBRC	DEBT	Amortized	115.00	115.00	115.00		0.505	0.512	0.05	0.00	0.05
SYS55.SHAN	55.SHAN	DEBT	Amortized	53.51	53.51	53.51		0.434	0.440	0.02	0.00	0.02
SYS55.SLOC	55.SLOC	DEBT	Amortized	503.53	503.53	503.53		0.461	0.468	0.20	0.00	0.20
SYS55.SOLV	55.SOLV	DEBT	Amortized	2,988.73	2,988.73	2,988.74		0.462	0.469	1.19	0.00	1.19
SYS55.SYNEZ	55.SYNEZ	DEBT	Amortized	1,122.41	1,122.41	1,122.41		0.466	0.472	0.45	0.00	0.45
<b>Subtotal</b>				<b>40,156.91</b>	<b>40,156.91</b>	<b>40,156.99</b>			<b>0.468</b>	<b>15.97</b>	<b>0.00</b>	<b>15.97</b>
<b>Fund: DWR &amp; Warren Act Deposits</b>												
SYS60.BUEL	60.BUEL	DWR	Amortized	194,846.33	186,046.71	150,403.60		0.462	0.468	73.99	0.00	73.99
SYS60.CARP	60.CARP	DWR	Amortized	579,031.83	556,888.44	480,969.68		0.462	0.468	221.47	0.00	221.47
SYS60.GOLETA	60.GOLETA	DWR	Amortized	1,210,874.33	1,127,772.40	842,854.71		0.462	0.468	448.50	0.00	448.50
SYS60.GUAD	60.GUAD	DWR	Amortized	171,099.30	168,955.23	157,506.43		0.462	0.468	67.19	0.00	67.19
SYS60.LACUMB	60.LACUMB	DWR	Amortized	320,230.44	295,066.09	171,982.89		0.462	0.468	117.34	0.00	117.34
SYS60.MONT	60.MONT	DWR	Amortized	810,339.05	777,091.53	663,102.10		0.462	0.468	309.04	0.00	309.04
SYS60.MORHRT	60.MORHRT	DWR	Amortized	76,603.96	71,756.26	49,473.47		0.462	0.468	28.54	0.00	28.54
SYS60.SBAR	60.SBAR	DWR	Amortized	728,775.60	659,718.33	312,617.09		0.462	0.468	262.36	0.00	262.36
SYS60.SBRC	60.SBRC	DWR	Amortized	173,839.71	172,827.29	168,138.62		0.462	0.468	68.73	0.00	68.73
SYS60.SMARIA	60.SMARIA	DWR	Amortized	5,194,953.35	4,876,069.31	3,181,615.20		0.462	0.468	1,939.16	0.00	1,939.16
SYS60.SOCAL	60.SOCAL	DWR	Amortized	85,107.31	83,458.28	44,148.54		0.462	0.468	33.19	0.00	33.19
SYS60.SOLV	60.SOLV	DWR	Amortized	319,817.26	290,488.63	167,677.08		0.462	0.468	115.52	0.00	115.52
SYS60.SYNEZ	60.SYNEZ	DWR	Amortized	275,743.27	268,416.93	243,298.67		0.462	0.468	106.75	0.00	106.75
SYS60.VAFB	60.VAFB	DWR	Amortized	3,587,028.90	3,521,270.52	3,303,338.86		0.462	0.468	1,400.38	0.00	1,400.38
<b>Subtotal</b>				<b>13,728,290.64</b>	<b>13,055,825.95</b>	<b>9,937,126.94</b>			<b>0.468</b>	<b>5,192.16</b>	<b>0.00</b>	<b>5,192.16</b>
<b>Fund: Escrow Deposits</b>												
SYS65.MORHRT	65.MORHRT	ESCROW	Amortized	407,673.97	407,674.00	407,674.90		0.462	0.468	162.13	0.00	162.13
SYS65.SBRC	65.SBRC	ESCROW	Amortized	108,713.06	108,713.07	108,713.31		0.462	0.468	43.23	0.00	43.23
<b>Subtotal</b>				<b>516,387.03</b>	<b>516,387.07</b>	<b>516,388.21</b>			<b>0.468</b>	<b>205.36</b>	<b>0.00</b>	<b>205.36</b>

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

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	
<b>Fund: Non-Annual Recurring Expense</b>													
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	135,445.51	137,050.68	147,885.82		0.462	0.468		54.50	0.00	54.50
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	140,803.38	140,803.39	140,803.70		0.462	0.468		56.00	0.00	56.00
SYS45.LACUMB	45.LACUMB	NARES	Amortized	114,914.25	125,995.70	200,795.71		0.462	0.468		50.11	0.00	50.11
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	37,960.90	39,665.68	51,172.99		0.462	0.468		15.77	0.00	15.77
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	281,353.15	314,556.01	538,675.84		0.462	0.468		125.10	0.00	125.10
SYS45.SBRC	45.SBRC	NARES	Amortized	9,983.85	10,346.30	12,792.87		0.461	0.468		4.11	0.00	4.11
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	2,742,385.47	2,923,377.03	4,145,074.94		0.462	0.468		1,162.59	0.00	1,162.59
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	59,750.86	64,810.86	98,965.95		0.462	0.468		25.77	0.00	25.77
SYS45.SOLV	45.SOLV	NARES	Amortized	285,992.87	298,612.76	383,797.54		0.462	0.468		118.75	0.00	118.75
SYS45.SYNEZ	45.SYNEZ	NARES	Amortized	878,168.79	878,168.85	878,170.79		0.462	0.468		349.24	0.00	349.24
SYS45.VAFB	45.VAFB	NARES	Amortized	0.00	0.00	0.00		3.359			0.00	0.00	0.00
<b>Subtotal</b>				<b>4,686,759.03</b>	<b>4,933,387.26</b>	<b>6,598,136.15</b>			<b>0.468</b>		<b>1,961.94</b>	<b>0.00</b>	<b>1,961.94</b>
<b>Fund: O&amp;M Reserve Fund</b>													
35.BUEL	35.BUEL	O&M	Amortized	29,777.17	29,777.17	29,777.24		0.462	0.468		11.84	0.00	11.84
35.CARP	35.CARP	O&M	Amortized	102,661.51	102,661.52	102,661.74		0.462	0.468		40.83	0.00	40.83
35.GOLETA	35.GOLETA	O&M	Amortized	230,988.51	230,988.53	230,989.04		0.462	0.468		91.86	0.00	91.86
35.GUAD	35.GUAD	O&M	Amortized	28,334.69	28,334.69	28,334.75		0.462	0.468		11.27	0.00	11.27
35.LACUMB	35.LACUMB	O&M	Amortized	51,511.73	51,511.73	51,511.85		0.462	0.468		20.49	0.00	20.49
35.MONT	35.MONT	O&M	Amortized	153,992.27	153,992.28	153,992.62		0.462	0.468		61.24	0.00	61.24
35.MORHRT	35.MORHRT	O&M	Amortized	10,303.53	10,303.53	10,303.55		0.462	0.469		4.10	0.00	4.10
35.SBAR	35.SBAR	O&M	Amortized	154,552.80	154,552.81	154,553.15		0.462	0.468		61.46	0.00	61.46
35.SBRC	35.SBRC	O&M	Amortized	2,575.85	2,575.85	2,575.86		0.460	0.466		1.02	0.00	1.02



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

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
<b>Fund: O&amp;M Reserve Fund</b>												
35.SMARIA	35.SMARIA	O&M	Amortized	834,585.12	834,585.18	834,587.03		0.462	0.468	331.91	0.00	331.91
35.SOCAL	35.SOCAL	O&M	Amortized	25,758.80	25,758.80	25,758.86		0.462	0.468	10.24	0.00	10.24
35.SOLV	35.SOLV	O&M	Amortized	77,276.39	77,276.40	77,276.57		0.462	0.468	30.73	0.00	30.73
35.SYNEZ	35.SYNEZ	O&M	Amortized	25,664.95	25,664.95	25,665.01		0.462	0.468	10.21	0.00	10.21
35.VAFB	35.VAFB	O&M	Amortized	402,359.80	402,359.83	402,360.72		0.462	0.468	160.01	0.00	160.01
<b>Subtotal</b>				<b>2,130,343.12</b>	<b>2,130,343.27</b>	<b>2,130,347.99</b>		<b>0.468</b>		<b>847.21</b>	<b>0.00</b>	<b>847.21</b>
<b>Fund: Repaid State Water Payments</b>												
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.PISMO	50.PISMO	PREPAY	Amortized	0.00	0.00	0.00		5.186		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
<b>Subtotal</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Fund: Rate Coverage Reserve Fund</b>												
40.BUEL	40.BUEL	RATE	Amortized	276,676.29	276,676.31	276,676.92		0.462	0.468	110.03	0.00	110.03
40.CARP	40.CARP	RATE	Amortized	862,313.85	862,313.91	862,315.82		0.462	0.468	342.93	0.00	342.93
40.GUAD	40.GUAD	RATE	Amortized	192,274.48	192,274.49	192,274.92		0.462	0.468	76.47	0.00	76.47
40.LACUMB	40.LACUMB	RATE	Amortized	402,997.28	402,997.31	402,998.20		0.462	0.468	160.27	0.00	160.27
40.MONT	40.MONT	RATE	Amortized	1,498,350.42	1,498,350.53	1,498,353.85		0.462	0.468	595.88	0.00	595.88
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	15,812.83	15,812.83	15,812.87		0.462	0.468	6.29	0.00	6.29
40.SMARIA	40.SMARIA	RATE	Amortized	5,200,752.37	5,200,752.75	5,200,764.28		0.462	0.468	2,068.28	0.00	2,068.28
40.SOLV	40.SOLV	RATE	Amortized	636,274.64	636,274.69	636,276.10		0.462	0.468	253.04	0.00	253.04
40.SYNEZ	40.SYNEZ	RATE	Amortized	462,295.42	462,295.45	462,296.48		0.462	0.468	183.85	0.00	183.85
<b>Subtotal</b>				<b>9,547,747.56</b>	<b>9,547,748.25</b>	<b>9,547,769.42</b>		<b>0.468</b>		<b>3,797.04</b>	<b>0.00</b>	<b>3,797.04</b>
<b>Total</b>				<b>39,451,259.82</b>	<b>38,345,133.85</b>	<b>36,925,356.61</b>		<b>0.468</b>		<b>15,249.42</b>	<b>0.00</b>	<b>15,249.42</b>

Components of Return:    Interest:    0.468  
                                          Amortization:  
                                          Market Value:



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

April 28, 2022

**TO:** CCWA Finance Committee

**FROM:** Dessi Mladenova  
Controller

**SUBJECT:** Annual Review of the CCWA Investment Policy

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#### **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.

DHM

Attachment

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**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.