



A G E N D A

**BOARD OF DIRECTORS
PLACER COUNTY WATER AGENCY**

**Thursday, January 16, 2020
2:00 PM, Regular Meeting**

**Placer County Water Agency Business Center
American River Room
144 Ferguson Road
Auburn, California**

Members of the Board of Directors:

ROBERT DUGAN, District 4
Chairman of the Board

GRAY ALLEN, District 1
PRIMO SANTINI, District 2

MIKE LEE, District 3
JOSHUA ALPINE, Vice-Chair, District 5

A. CALL TO ORDER:

1. Roll Call
2. Pledge of Allegiance
3. Announcements, introductions and recognitions
 - a. Consider adopting **Resolution 20-__ honoring Cheri Sprunck.**

B. PUBLIC COMMENT:

This is the time for any member of the public to address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the Agency. Members of the public are requested to come to the podium and use the microphone. Comments shall be limited to five minutes per person, or such other time limit as may be imposed by the Chair, in order to enable the Board to complete its agenda within a reasonable period of time.

C. REPORTS BY DEPARTMENT HEADS

D. AGENDA CHANGES AND REVIEW

E. CONSENT CALENDAR:

All items listed under the consent calendar are considered to be routine and may be approved by one motion.

Action:

1. Consider adopting **Resolution 20-__ Adopting an Investment Policy.**

2. Consider approving employee's reimbursement claim pursuant to Chapter 3, Article 1, Section 3003, of the Agency's Personnel and Administrative Manual:
 - a. Daryl Hensler's business expense incurred in August 2019 in the amount of \$187.30.

Information, Receive and File:

3. Check Register 20-02 expenses disbursed.
4. Board of Directors' expenses for December 2019.
5. Treasurer's Investment Report for month ended December 31, 2019.

F. AGREEMENTS AND CONTRACTS:

Items listed below include award of bid proposals, new contracts, sole source contracts and agreements, amendments to existing construction contracts and professional services agreements, and various change orders, and may be approved by one motion or some combination thereof.

Action:

1. Consider approving Amendment No. Seven to the 2017 Engineering Services Agreement with Black & Veatch Corporation, for the Middle Fork American River Project (MFARP), to extend the time of performance through January 20, 2021.
2. Consider approving the following for Amendment No. One to Agreement #PS-2457734 for the Professional Services Agreement with Stantec Consulting Services Inc.;
 - a. Extend the time of performance through January 20, 2021;
 - b. Revise the hourly rates of the confidential rate sheet effective January 16, 2020;
 - c. Revise Exhibit F Supplemental Insurance and Indemnity Requirements.
3. Consider approving the following:
 - a. Renewal of the Enterprise Advantage Program with Environmental Systems Research Institute, Inc. for a one year term in an amount not to exceed \$53,698;
 - b. Authorize the Director of Technical Services to execute the renewal agreement.
4. Consider approving Professional Services Agreement with The Eidam Corporation, dba Lucy & Company, for educational outreach in support of regional water supply solutions in an amount not to exceed \$90,000 in 2020.
5. Consider approving a General Services Agreement with William R. Slightam, dba Western Hydrologic Systems, for streamgauge maintenance and hydrologic related services for the MFARP for a period of three years in an amount not to exceed \$245,000 per year.
6. Consider approving purchase of office furniture from KBM Hogue using U.S. Communities cooperative purchasing contract #4400003404 in an amount not to exceed \$38,427.
7. Consider awarding Construction Contract No. 2019-04 to Bayview Engineering and Construction Co. Inc. for the Middle Fork Project, Penstock Coupling Repair Project to complete welding and metallurgy repairs to select steel couplings in the amount of \$1,376,403.

G. WATER:

1. Consider approval of a Letter Agreement with Sacramento Suburban Water District, modifying an existing Agreement for a Water Supply for Groundwater Stabilization by reducing their annual entitlement from 12,000 acre-feet to 8,000 acre-feet in calendar-year 2020.

H. POWER:

1. Consider adopting **Resolution 20- __ Adopting the Energy Risk Management Policy** in the Agency's Personnel and Administrative Manual.
2. Consider reaffirming by a 4/5th vote a continuing state of emergency and continued actions authorized under Resolution 20-02, authorizing the Agency to enter into contract to protect, access, inspect, and repair Agency property and facilities on the Middle Fork American River Project.
3. Receive energy marketing report.
4. Receive report on the French Meadows Forest Restoration Project 2019 Operations.

I. REMARKS/REPORTS BY DIRECTORS

In accordance with Government Code 54954.2(a), Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

J. REMARKS/REPORTS BY LEGAL COUNSEL

K. REMARKS/REPORTS BY GENERAL MANAGER

L. CLOSED SESSION:

1. **Conference with legal counsel - Anticipated Litigation** - Pursuant to subdivision (b) of Section 54956.9 of the Government Code. *Potential Case: one*

M. REPORT FROM CLOSED SESSION

N. ADJOURNMENT

THE NEXT RESOLUTION NUMBER IS 20-03.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk to the Board at (530) 823-4860. Notification by Wednesday noon preceding the meeting will enable the Agency to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

In accordance with Government Code Section 54954.2(a) this notice and agenda were posted in the Agency's outdoor bulletin board at the Placer County Water Agency Business Center at 144 Ferguson Road, Auburn, California, on or before January 10, 2020.

Any writing that is a public record under the Public Records Act that relates to an agenda item for an open session of the Board meeting that is distributed less than 72 hours prior to the meeting will be made available for public inspection at the time the writing is distributed to any Board members. Also, any such writing will be available for public inspection at the Agency's office located at 144 Ferguson Road, Auburn, California, during normal business hours.

Schedule of Upcoming Board Meetings

Thursday, February 6, 2020, 2:00 p.m. – Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

Thursday, February 20, 2020, 2:00 p.m. – Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.



MEMORANDUM

TO: Board of Directors

FROM: Michael A. Willihnganz
Director of Administrative Services

DATE: January 3, 2020

RE: Resolution Honoring Cheri Sprunck, Agency Secretary/Clerk to the Board

RECOMMENDATION:

Adopt **Resolution 20-__** honoring Cheri Sprunck, Agency Secretary/Clerk to the Board.

BACKGROUND:

Cheri Sprunck will retire from PCWA on February 1, 2020, following a career with the Agency which has spanned more than twenty-nine years. The Board resolution recognizes and honors Cheri's distinguished Agency service and congratulates her on her retirement.

ATTACHMENTS:

Description	Upload Date	Type
Resolution	1/8/2020	Backup Material

**RESOLUTION 20- ____ OF THE PLACER COUNTY WATER AGENCY
HONORING CHERYL L. SPRUNCK
PCWA AGENCY SECRETARY/CLERK TO THE BOARD**

WHEREAS, Cheryl “Cheri” L. Sprunck, Agency Secretary/Clerk to the Board, will retire from the Placer County Water Agency (PCWA) on February 1, 2020, following a career which has spanned more than twenty-nine years of honorable and distinguished service; and

WHEREAS, Cheri began her career with PCWA on December 1, 1990, as a Typist Clerk II in the Administration Department; and

WHEREAS, based upon her exceptional performance and extraordinary abilities, Cheri advanced to positions of increasing responsibility, earning appointment to the position of Agency Secretary in the Office of the General Manager on May 9, 1994, and promoting to Agency Secretary/Administrative Aide on April 8, 2000; and

WHEREAS, due to her noteworthy work history, commitment to quality, and proven organizational skills, Cheri was elevated to the position of Agency Secretary/Clerk to the Board on December 20, 2004; and

WHEREAS, during her illustrious career with PCWA, Cheri has provided a wide range of executive level support for three different General Managers, two interim General Managers, and a multitude of elected Board Members; and

WHEREAS, while fulfilling her role as Agency Secretary/Clerk to the Board, Cheri served as PCWA’s preeminent authority on the Brown Act, California Public Records Act, and Records Retention requirements; and

WHEREAS, Cheri, as somewhat of a technology trailblazer, was instrumental in implementing and administering Novus Agenda, PCWA’s Board agenda software, as well as serving as an advocate and a resource for Questys, PCWA’s records management system; and

WHEREAS, Cheri was meticulous in the creation of agendas and the preparation of minutes for numerous boards and committees throughout her career, including the PCWA Board of Directors, the Middle Fork Project Finance Authority, NID/PCWA Water Planning Committee, Roseville/PCWA Water Planning Committee, and the Lincoln/PCWA Water Planning Committee; and

WHEREAS, for more than twenty-nine years, Cheri, a three-time recipient of PCWA’s Exemplary Performance Award, has consistently demonstrated an unwavering commitment to supporting and assisting General Managers and Board Members with a level of responsiveness that is unsurpassed. Furthermore, her considerable expertise, wisdom, vision, and leadership have contributed significantly to the success of PCWA, while her numerous accomplishments and positive impact on PCWA have created a legacy for which she will be remembered and acknowledged for years to come; and

NOW, THEREFORE BE IT RESOLVED that the PCWA Board of Directors hereby recognizes and honors Cheri Sprunck, and congratulates her for more than twenty-nine years of meritorious service to PCWA and the customers it serves.

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Placer County Water Agency held on January 16, 2020, by the following roll call vote:

Graham "Gray" Allen, Director, District 1

Primo Santini, III, Director, District 2

Michael "Mike" Lee, Director, District 3

Robert Dugan, Director, District 4
Chairman of the Board

Joshua Alpine, Director, District 5
Vice-Chairman of the Board

ATTEST:

Lori Young
Deputy Clerk to the Board



MEMORANDUM

TO: Board of Directors

FROM: Joseph H. Parker, CPA
Director of Financial Services

DATE: January 2, 2020

RE: Adopt Investment Policy for use in 2020

RECOMMENDATION:

Adopt **Resolution 20-__ Adopting an Investment Policy for use in 2020.**

BACKGROUND:

In accordance with California Government Code, the Agency's Investment Policy is required to be reviewed and approved by the Board of Directors during the first quarter of each year for use during that year. Staff has reviewed the existing Agency Investment Policy (adopted January 17, 2019) and found no revisions are necessary.

This policy is presented for the Board's consideration, with an associated resolution, for approval for the Agency's use during 2020.

ATTACHMENTS:

Description	Upload Date	Type
Resolution	1/6/2020	Backup Material
2020 Investment Policy	1/6/2020	Backup Material

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**RESOLUTION NO. 20-____ OF THE BOARD OF DIRECTORS
OF THE PLACER COUNTY WATER AGENCY ADOPTING
AN INVESTMENT POLICY**

WHEREAS, Section 53646(a)(2) of the California Government Code requires the treasurer or chief fiscal officer of the local California agency to annually submit to the legislative body of that Authority a statement of investment policy for that body’s consideration; and

WHEREAS, the Agency’s chief fiscal officer, its Director of Financial Services, has submitted such a statement of investment policy to the Board, which this Board has considered; and

WHEREAS, this Board desires to incorporate this Agency Investment Policy, which is based upon the material submitted to it by the Director of Financial Services in the Agency’s Personnel and Administration Manual;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Placer County Water Agency that this Board hereby adopts the investment policy as Article 10 of Chapter 3 to the Agency’s Personnel and Administration Manual as set forth in the attached.

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Placer County Water Agency held on January 16, 2020 by the following vote on roll call:

- AYES DIRECTORS:
- NOES DIRECTORS:
- ABSENT DIRECTORS:

Signed and approved by me after its passage this 16th day of January 2020.

Chair, Board of Directors

PLACER COUNTY WATER AGENCY

ATTEST:

Clerk, Board of Directors

Placer County Water Agency

Investment Policy

Sec. 3200 Policy Statement

The purpose of this Policy is to provide a framework and guidelines for the prudent investment of the Agency's funds and outline policies for sound investment practices. The Agency's objectives of this Policy are to provide prudent protection of the Agency's investments, limit the exposure of unnecessary risk, maintain sufficient liquidity and enhance the economic status. This Investment Policy has been prepared in conformance with all pertinent existing laws of the State of California including California Government Code Sections 53600, *et seq.*

Sec. 3201 Scope

This Policy covers all funds and investment activities of the Agency, including the proceeds of certain capital project finance programs, which are invested in accordance with provisions of their specific indentures. These funds are defined and detailed in the Agency's Annual Financial Statements and include any new funds created unless specifically excluded by Agency management and the Board of Directors.

Sec. 3202 Prudent Investor Standard

The Agency operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, "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 organization, that a prudent person 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 organization".

Sec. 3203 Investment Objectives

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the Agency's funds, the primary objective is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of the Agency. The third objective is to achieve market rates of return on invested funds. It is the policy of the Agency to

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invest public funds in a manner to obtain market rates of return over interest rate cycles.

(a) Safety of Principal

Safety of principal is the foremost objective of the Agency. Investment transactions shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio, by ensuring losses are avoided whether they arise from security defaults, institution default, broker-dealer default, or erosion of market value of securities. The Agency shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Diversification and risk are discussed further in section 3212 of this Policy.

Credit risk is the risk of loss due to the failure of a security's issuer or backer. Interest rate risk is the risk that the market value of the Agency's portfolio will fall due to an increase in general interest rates.

1) Credit risk will be mitigated by:

- (a) Limiting investments to only the most creditworthy types of securities;
- (b) Pre-qualifying the financial institutions with which the Agency will do business; and
- (c) Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the Agency.

2) Interest rate risk will be mitigated by:

- (a) Structuring the Agency's portfolio so that securities mature to meet the Agency's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- (b) Managing the overall average maturity of the portfolio on a shorter term to maturity basis, as set forth in Section 3213.

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(b) Liquidity

Availability of sufficient cash to pay for current expenses shall be maintained. A portion of the portfolio shall be maintained in collateralized bank deposits, the State's investment pool or other liquid investments for use to meet Agency disbursement requirements. The cash management system of the Agency shall be designed to accurately monitor and forecast expenses and revenues to insure the investment of monies to the fullest extent possible.

(c) Rates of Return

Only after the first two objectives of safety and liquidity have been met, is the third objective of yield on investments considered. The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the Agency's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

Sec. 3204 Delegation of Authority

The Board of Directors hereby delegates management authority and responsibility for implementing the Investment Policy to the Director of Financial Services. This delegation is in accordance with California Government Code Section 53607 and will be updated annually. The responsibility to execute investment transactions may be further delegated under the direction of the Director of Financial Services. The Director of Financial Services shall establish written procedures for the operation of the investment program consistent with this Investment Policy and the requirements of applicable laws. The Director of Financial Services shall be responsible for all transactions undertaken by the Agency's staff, and shall establish a system of controls to regulate the activities of internal staff and any external investment advisors.

All participants in the investment process shall act as custodians of the public trust and all 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

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degree of professionalism that is worthy of the public trust. All investment related activity shall be done in conformance with this Policy and all applicable State and Federal laws and regulations.

Sec. 3205 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose any financial interest in financial institutions that conduct business with the Agency, and they shall further disclose any personal financial/investment positions that could be related to the performance of the Agency's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Agency, particularly with regard to the timing of purchases and sales, and shall avoid transactions that might impair public confidence.

Sec. 3206 Authorized Institutions, Financial Brokers/Dealers and Investment Advisors

The Director of Financial Services shall establish and maintain a list of authorized financial institutions, broker/dealers and investment advisors. Only those broker/dealers and investment advisors authorized by the Director of Financial Services shall provide services to the Agency. Upon the recommendation of the Director of Financial Services, financial institutions shall be authorized by the Board of Directors.

For authorized financial institutions providing depository and investment services to the Agency, annually, the Director of Financial Services or designee shall perform a review of the financial condition and registrations of the authorized institutions including their annual audited financial statements.

For authorized brokers/dealers and investment advisors providing investment services to the Agency, annually, or as this Policy is updated, the Agency shall send a copy of its current investment policy to authorized broker/dealers and authorized investment advisors requesting confirmation in writing that the Policy has been read and reviewed by the person(s) handling the Agency's account and that they agree to comply with the

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Policy's provisions when recommending, selling, advising or providing service on Agency investments.

(a) Depositories

In selecting depositories (banks or savings & loans), the creditworthiness of institutions shall be considered and the Director of Financial Services shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. Agency funds in excess of the FDIC insured amount shall be invested (deposits and/or certificates of deposit) only in commercial banks and savings & loans with a bank financial strength rating of "A" by Moody's Investor Service or equivalent rating by another Nationally Recognized Statistical Rating Organization (NRSRO). Qualifications and minimum requirements for depositories shall be established by the Director of Financial Services and will be provided to any institution seeking to conduct business with the Agency.

Banks and Savings & Loan Associations seeking to establish eligibility as a depository for the Agency's deposits shall make available annual audited financial statements, either via the Internet or upon request for review by the Director of Financial Services.

Any institution meeting the Agency's required criteria will be eligible for placement of public deposits by the Agency, subject to approval by the Director of Financial Services. A written depository contract is required with all institutions that will hold Agency deposits (Contract for Deposit of Moneys). As deemed necessary by the Director of Financial Services, reviews of unaudited quarterly financial data may be conducted for institutions on the Agency's approved list. Any institution falling below the Agency's established minimum criteria shall be removed from the approved list, no new deposits may be placed with that institution and all funds remaining shall be withdrawn as the deposits mature.

The financial institution providing the Agency with its primary banking services shall have additional qualifications and minimum requirements based on the Agency's banking needs.

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The Director of Financial Services has established the following minimum qualifications for a financial institution providing banking services, upon which additional qualifications may be required:

- Federal or State of California charter financial institution [Member of Federal Reserve].
- Qualified depository of public funds to ensure the collateralization requirements for governmental entities are met.
- Experienced with providing banking services to similar sized and type governmental agencies to ensure the Agency's banking needs will be met and possesses familiarity with reporting and other banking requirements for governmental agencies.
- Sufficiently capitalized to accommodate the Agency's cash needs including a minimum \$1 million daylight overdraft facility.
- Electronic capabilities to meet the Agency's current banking needs, which saves staff time. Currently, these include safe keeping, positive pay, payroll direct deposit, lock box service, bill concentration, electronic fund transfers, electronic blocks and filters, electronic receivables, credit card processing and remote deposit.
- Access to all Federal Reserve Bank services including direct clearing with the Federal Reserve Bank.
- Banking branch in local area.
- State of California depository.

(b) Brokers and Dealers

All brokers and dealers that desire to become authorized to do business with the Agency and qualified bidders for investment transactions for the Agency must complete and sign a "Broker/Dealer Questionnaire" and submit related documents relative to eligibility. This includes current audited financial statements, proof of State of California registration, proof of FINRA (Financial Industry Regulatory Authority) registration and a certification they have reviewed the Agency's Investment Policy and agree to comply with its provisions. The Director of Financial Services may establish any additional criteria deemed appropriate to evaluate and approve any financial services provider. The

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selection process for broker-dealers shall be open to both “primary dealers” and “secondary/regional dealers” that qualify under Securities and Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule). The provider’s representative must be experienced in institutional trading practices and familiar with the California Government Code as it relates to investments by a public entity.

(c) Investment Advisors

The Director of Financial Services may engage the services of outside professionals for evaluation and advice regarding the Agency’s investment program. An authorized investment advisor may provide investment services, which may include facilitating trade executions, at the specific direction of the Director of Financial Services or designee. Advisors (service providers) shall be subject to the provisions of this Investment Policy and must act in the best interest of the Agency in the capacity of a fiduciary.

Sec. 3207 Authorized and Permitted Investments

The Agency is provided a broad spectrum of eligible investments under California Government Code Sections 53600 – 53609 (authorized investments), 53630 - 53686 (deposits and collateral) and 16429.1 (Local Agency Investment Fund). If a type of investment is added to the California Government Code list, it can only be added to the Agency’s Authorized and Permitted Investment List with an amendment to this Investment Policy and approval by the Board of Directors. If a type of investment permitted by the Agency should be removed from the California Government Code list, it shall be deemed concurrently removed from the Agency’s Authorized and Permitted Investment List, however, existing holdings may be held until maturity.

One of the purposes of this Investment Policy is to define what investments are authorized and permitted for the Agency to purchase and hold. This Policy restricts the Agency’s investments to a subset of those eligible and allowable under California Government Code. Additionally, this Policy further restricts the maximum percentage by certain investment types over that allowable under California Government Code. ***If a type of security is not specifically authorized by this Policy, it is not an authorized and permitted investment.***

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This subset listing of authorized and permitted securities with specific limitations is determined to more closely fit the Agency's risk tolerance and requirements for liquidity. The following table lists the Agency's authorized and permitted investments and certain limitations thereon provided by this Investment Policy:

Authorized and Permitted Investments

Investment Type	Maximum Maturity	Maximum % Holdings	Maximum % per Issuer*	Minimum Rating**
Securities of the U.S Government	5 year	100%	100%	N/A
Securities of the U.S. Government Agencies and Instrumentalities - Primary (FFCB, FHLB, FNMA and FHLMC)	5 year	100%	50%	N/A
Securities of the U.S. Government Agencies and Instrumentalities - Secondary	5 year	50%	30%	N/A
Registered State Warrants, Treasury Notes, or Bonds of the State of California	5 year	25%	10%	N/A
Registered Treasury Notes or Bonds of Other States in the United States	5 year	25%	10%	N/A
Bonds, Notes, Warrants, or Other Evidences of Indebtedness of any Local Agency within the State of California	5 year	30%	10%	AA
Commercial Paper	270 days	25%	5%	A-1/P-1 plus A long term
Corporate or Medium-Term Notes	5 year	30%	5%	Aa or AA
Money Market Mutual Funds	N/A - 2(A)7 Eligible	20%	5%	AAA/AAA
Bonds of Supranationals	5 year	15%	5%	AA
Negotiable Certificates of Deposit	1 year	20%	5%	N/A
Repurchase Agreements	1 year	15%	5%	N/A
Bankers' Acceptance	180 days	25%	5%	A
Placer County Treasurer's Investment Pool	N/A	Max permitted by County Treasurer	Max permitted by County Treasurer	N/A
Local Agency Investment Fund	N/A	Max permitted by State Treasurer	Max permitted by State Treasurer	N/A
Collateralized Bank Deposits	5 year	100%	50%	N/A

*Percentages will be in compliance if within limits at time of purchase.

**Rating category are inclusive of rating modifiers such as "+/-" or numbers from one NRSRO unless two ratings are noted.

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A description of the authorized and permitted investments, which for certain securities includes additional limitations as provided in the following:

(a) Securities of the U.S. Government

Obligations issued by the United States Treasury and backed by the “full faith and credit” of the Federal government. These securities are in the form of U.S. Treasury notes, bills, certificates of indebtedness and bonds. (Legal Authority - Government Code Section 53601(b))

(b) Securities of the U.S. Government Agencies and Instrumentalities - Primary

Obligations issued by the following four Federal Government agencies and Government Sponsored Enterprises (U.S. Instrumentalities): Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). Such securities are obligations of the Federal agencies or United States government-sponsored enterprises. (Legal Authority – Government Code Section 53601 (f)).

(c) Securities of the U.S. Government Agencies and Instrumentalities - Secondary

Obligations issued by Federal Government agencies and Government Sponsored Enterprises (U.S. Instrumentalities), other than those four noted as Primary in Section 3207(b). Such securities are obligations of the Federal agencies or United States Government Sponsored Enterprises. (Legal Authority – Government Code Section 53601(f)).

(d) Registered State Warrants, Treasury Notes or Bonds of the State of California

Registered State warrants, treasury notes or bonds issued by the State of California, 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. (Legal Authority – Government Code Section 53601(c)).

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(e) **Registered Treasury Notes or Bonds of Other States in the United States**

Registered treasury notes or bonds issued by any of the other 49 states in addition to the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. (Legal Authority – Government Code Section 53601(d)).

(f) **Bonds, Notes, Warrants, or Other Evidences of Indebtedness of any Local Agency within the State of California**

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a local agency, or by a department, board, agency or authority of the local agency. (Legal Authority - Government Code Section 53601(e)).

(g) **Commercial Paper**

Commercial paper issued by corporations to meet short term funding needs with a maturity date of less than 270 days from the issue date. Investments are restricted to only “prime” quality commercial paper with the highest ranking or of the highest letter and numerical rating as provided for by a NRSRO. (Legal Authority - Government Code Section 53601(h)). Per California Government Code Section 53601 (h), the entity that issues the commercial paper shall meet all of the following conditions in either A or B below:

- A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) have debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.
- B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over

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collateralization, letter of credit or surety bonds and (3) have commercial paper that is rated “A -1” or higher, or the equivalent, by a NRSRO.

(h) Corporate or Medium-Term Notes

Corporate or medium-term notes are obligations of a domestic corporation or depository institution with a minimum credit rating of “Aa” by Moody’s Investor Service or equivalent rating by another NRSRO at the time of purchase. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Director of Financial Services shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Director of Financial Services will apply the general objectives of safety, liquidity, yield and legality to make the decision. (Legal Authority-Government Code Section 53601(k)).

(i) Money Market Mutual Funds

Money market mutual funds qualifying for Agency investment must restrict their portfolios to issues approved by the same state investment statute that defines investment alternatives. In addition, these money market mutual funds must adhere to Federal statutes regarding the size of the money market mutual fund and its safety, must attain the highest ranking of two of the three highest ranking NRSRO and must retain an investment advisor registered with the Securities and Exchange Commission with not less than five years’ experience investing assets of at least five hundred million dollars. The money market mutual funds must invest solely in investments, which the Agency itself could legally purchase. (Legal Authority-Government Code Section 53601(l)).

(j) Bonds of Supranationals

Senior unsecured unsubordinated obligations (United States dollar denominated) issued by or unconditionally guaranteed by one of the three supranational banking groups: International Bank for Reconstruction and Development (World Bank or IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB). Supranational banks are formed by a group of countries through an international treaty with specific objectives such

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as fighting poverty or promoting economic development and have been incorporated into U.S. Federal Law by Congressional Acts. Investments shall be rated “AA” or better by an NRSRO and have a remaining maturity of five years or less. (Legal Authority – Government Code Section 53601(q)).

(k) Negotiable Certificates of Deposit

Negotiable certificates of deposit issued by a nationally or state-chartered bank or a federal association, a state or Federal credit union, or by a federally licensed or state licensed branch of a foreign bank. The term of negotiable certificates of deposit is restricted for a minimum of 7 days and a maximum of one year. (Legal Authority – Government Code Section 53601(i)).

(l) Repurchase Agreements

Investments in repurchase agreements or securities lending agreements
Repurchase Agreement is the purchase of a security pursuant to an agreement by which the counter party will deliver the underlying security by book entry, physical delivery or by a third party custodial agreement (see Section 3208). Section 3210 addresses collateralization requirements for repurchase agreements. Repurchase Agreements may only be made with banks and primary dealers with which the Agency has entered into a Master Repurchase Agreement modeled after the Public Securities Associations’ Master Repurchase Agreement. (Legal Authority – Government Code Section 53601 (j)).

(m) Bankers’ Acceptances

Bankers’ acceptances are short-term debt instruments issued by a company that is guaranteed by a commercial bank. Bankers Acceptances limited to banks with a bank financial strength rating of “A” by Moody’s Investor Service or equivalent rating by another Nationally Recognized Statistical Rating Organization. (Legal Authority - Government Code Section 53601(g)).

Placer County Water Agency

Investment Policy

(n) Placer County Treasurer's Investment Pool

The Placer County Treasurer Investment Pool is governed pursuant to Government Code Sections 53600. In order to deposit investment funds into the Placer County Treasurer's Investment Pool, the Agency adopted Resolution # 92-35. The deposit of funds into the pool by voluntary agencies is strictly for long-term investments purposes, funds that would remain invested for an extended period of time. With a minimum of 24-hour notice, two to four withdrawals a month are allowed, with the Treasurer having discretion over withdrawals. Withdrawals in excess of \$200,000 may need additional notice. (Legal Authority-Pursuant to Resolution).

(o) Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a special fund in the California State Treasury created and governed pursuant to Government Code Sections 16429.1 *et seq.* Investments in LAIF are limited to the maximum amount as specified by LAIF. Principal amount withdrawal of \$10 million or greater need 24 hour notice and less than \$10 million may be withdrawn the same day. The fees charged by LAIF are limited by statute. (Legal Authority – Government Code Section 16429.1)

(p) Collateralized Bank Deposits

Section 3210 addresses collateralization requirements for deposits. These are authorized by California Government Code Section 53637.

Sec. 3208 Master Repurchase Agreement

The Agency may invest in overnight and term repurchase agreements (Section 3207 and Government Code Section 53601(j)) with Primary Dealers of the Federal Reserve Bank of New York or with nationally or state chartered bank with a significant relationship with the Agency. This agreement will be modeled after the Public Securities Associations Master Repurchase Agreement.

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Placer

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County Water Agency. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis and shall not be permitted to fall below a minimum of 102 percent of the value of the repurchase agreement. Collateral shall not have maturities in excess of five years. The right of substitution shall be granted, provided that permissible collateral is maintained.

In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the U.S. Government, U.S. Government Agencies or Government Sponsored Enterprises (U.S. Instrumentalities) securities as permitted under this Policy. The Agency will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.

Sec. 3209 Investment Pools

An investigation of any investment pool or money market mutual fund is required prior to investing and on an annual basis. The investigation shall, at a minimum, obtain the following information:

- A description of interest calculations and how it is distributed, and how gains and losses are distributed.
- A description of how securities are safeguarded (including the settlement process) and how often the securities are marked to market and how often an audit is conducted.
- A description of who may invest in the program, how often, what size deposits and withdrawals are permitted.
- A schedule for receiving statements and portfolio listings.
- Does the pool/fund maintain a reserve or retain earnings or is all income after expenses distributed to participants?
- A fee schedule which also discloses when and how fees are assessed.
- Determining if the pool or fund is eligible for bond proceeds and/or will it accept such proceeds.

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The purpose of this investigation is to determine the suitability of a pool or fund in relation to this Investment Policy and evaluate the risk of placing funds with that pool or fund.

Sec. 3210 Collateralization

A financial institution must provide coverage for at least 110 percent of all Agency deposits that are placed in the institution. Acceptable pooled collateral requirements are governed by California Government Code Section 53651. Although permitted by California Government Code (Section 53651(m)), real estate mortgages are not considered acceptable collateral for Agency deposits. All banks are required to provide the Agency with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

The market value of the collateral must not fall below 110 percent of the value of the deposit(s) at any time. The Agency will maintain a first perfected security interest in the securities pledged against the deposit and shall have a contractual right to liquidation of pledged securities upon the bankruptcy, insolvency or other default of the counter party.

As per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of the depository institution.

Deposits that are within the Federal Deposit Insurance Corporation (FDIC) insured limit amounts are exempt from the Agency's collateralization and minimum bank financial strength rating requirements.

Repurchase Agreements shall be collateralized in accordance with terms specified in the Master Repurchase Agreement. The valuation of collateral securing a Repurchase Agreement shall be verified and monitored on a daily basis to insure a minimum of 102% of the value of the transaction being held by the Agency's depository agent. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Placer County Water Agency. The collateralization level for Repurchase Agreements shall be a

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minimum of 102 percent of the market value of the principal and accrued interest. The right of substitution will be granted provided that permissible collateral is maintained. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for Repurchase Agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the United States Government, its Agencies or U.S. Instrumentalities with a maximum maturity of 5 years. The Agency shall maintain a first perfected security interest in the securities subject to the Repurchase Agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party. Repurchase Agreements may only be made with banks and primary dealers with which the Agency has entered into a Master Repurchase Agreement modeled after the Public Securities Associations' Master Repurchase Agreement. In all other respects, Repurchase Agreements shall conform to the restrictions set forth in Government Code Section 53601(j).

Sec. 3211 Safekeeping and Custody

All securities owned by the Agency shall be held in safekeeping by a third party bank trust department acting as agent for the Agency under the terms of a custody agreement executed by the bank and the Agency. The standard "delivery versus payment" (DVP) purchase procedures shall be used, except where prevailing practices or circumstances dictate otherwise. The third party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to Agency funds, accounts or investments and any transfer of funds must be approved by the Director of Financial Services or designee.

Sec. 3212 Diversification and Risk

The Agency recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. To minimize the Agency's exposure to these types of risk, the portfolio should be diversified among several types of institutions, instruments and maturities. The Director of Financial Services shall minimize default risk by prudently selecting only instruments and institutions, which at the time of placement have been evaluated for their financial viability and compliance with this Policy. Risk shall also be managed by subscribing to a

Placer County Water Agency

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portfolio management philosophy that helps to control market and interest rate risk by matching investments with cash flow requirements. In the event of a default by a specific issuer, the Director of Financial Services shall evaluate the liquidation of securities having comparable credit risks.

No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio, therefore the overall portfolio limits by issuer shall not exceed the amounts presented in the table in Section 3207.

Sec. 3213 Maximum Maturities

Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. The portfolio's maximum weighted average maturity (WAM) shall not exceed 2½ years. Maximum maturities by authorized and permitted investments are included in Section 3207. Unless matched to a specific requirement and approved by the Board of Directors, no investment may be made with maturity greater than five (5) years. If greater than five-year maturity investments are approved and allowable by the Board of Directors, purchases of the investment instruments exceeding the five-year maturity shall not be made until after said approval.

Sec. 3214 Internal Controls and Review

The Director of Financial Services will maintain a system of internal controls. A system of internal controls is maintained to address the following and is not limited to these areas:

- Maintain third-party custodial safekeeping
- Obtain written confirmation of authorized trades from appropriate parties
- Separation of transaction authority from accounting and record keeping
- Monitor for legal compliance

In accordance with California Government Code, the Director of Financial Services shall annually submit this Investment Policy to the Board of Directors for its review and approval during the first quarter of each fiscal year.

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Investment Policy

This Investment Policy shall be reviewed periodically by the Director of Financial Services, as necessary, and any recommended revisions shall be submitted to the Board of Directors in order to insure consistency and its relevance to current law, and financial and economic trends.

In conjunction with the annual financial statement audit, the external auditors shall review the investments and general activities associated with the investment program to evaluate compliance with this Investment Policy.

Sec. 3215 Performance Benchmark

The investment portfolio will be managed in accordance with the standards established within this Investment Policy and will use as the benchmark the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's actual weighted average effective maturity, such as a 0 – 5 year treasury or agency standard indexes.

Sec. 3216 Reporting

The Director of Financial Services shall submit monthly investment reports (Treasurer's Investment Report) to the Board of Directors within 30 days of the end of each calendar month. This report shall include all items listed in California Government Code Section 53646(b) and include the investments of all funds in the custody of the Agency. This Treasurer's Investment Report will include the following information about the investment of all funds:

- A. Statement of the portfolio's compliance to the Agency's adopted Investment Policy or manner in which the portfolio is not in compliance.
- B. Statement regarding the ability to meet the Agency's anticipated cash flows (scheduled expense requirements) for the next six months.
- C. Portfolio summary by investment type and the percentage of each investment type's book value in relation to the portfolio total.
- D. A listing of all individual investments by type and issuer held at the end of the reporting period, including the par value, market value, book value

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and maturity date of each investment. The source of the market value will be included.

- E. The source of the individual investment market values.
- F. A listing of the dollar weighted yield to maturity of the Agency's investments.
- G. The Portfolio's effective rate of return.

The Treasurer's Investment Report shall include a monthly transaction report stating the investment transactions (purchases, deposits, redemptions or withdrawals) that occurred in the past calendar month, as required by Government Code Section 53607.

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Definition of Terms

The following is a definition of cash and investment terms to assist in the administration of this Policy.

Accrued Interest- Interest earned but not yet received.

Amortization- An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Bankers Acceptance- A high quality, short-term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

Basis Point- One basis point is one hundredth of one percent (.01).

Bond- A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Entry- A system of recording securities ownership through electronic accounts. In book-entry-only issues, investors do not receive physical certificates evidencing security ownership, but a custodian holds one or more global certificates.

Book Value- The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker- Someone who brings buyers and sellers together and is compensated for his/her service.

Callable Bond- A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Certificate of Deposit- A deposit of funds for a specified period of time that earns interest at a specified rate. Commonly known as "CDs." Maturities range from a few weeks to several years. Interest rates are set by the competitive market place.

Placer County Water Agency

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Collateral- Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper- Short-term, negotiable unsecured promissory notes of corporations.

Coupon- The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis- A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Credit Rating Service or Organization - See NRSRO.

Current Yield- The interest paid on an investment expressed as a percentage of the current price of the security.

CUSIP- The Committee on Uniform Securities Information Procedures (CUSIP) number is an identification number assigned to each publicly traded security. The CUSIP Service Bureau, operated by Standard & Poor's for the American Bankers Association, assigns the identification numbers.

Custodian- A bank or other financial institution that keeps custody of stock certificates and other assets.

Custody- The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the custodian.

Delivery vs. Payment (DVP)- A settlement procedure where payment for a securities purchase is made simultaneously with the transfer of the purchased securities. The same procedure applies for a securities sale; the securities are transferred as payment is made. This procedure ensures that funds are released upon receipt of securities, thus protecting the government's assets.

Discount- The amount by which a bond sells under its par (face) value.

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Diversification- Dividing investment funds among a variety of securities offering different risk characteristics and independent returns to reduce risk in the portfolio.

Duration- A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value- The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fannie Mae- Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Deposit Insurance Corporation (FDIC)- A U.S. government corporation that guarantees deposits of banks and savings and loans. The FDIC provides deposit insurance to certain customer checking and savings deposits up to a current amount of \$250,000 per account.

Federal Reserve System- The central bank of the U.S. which consists of a seven member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

FINRA- Financial Industry Regulatory Authority – is the largest non-governmental regulator for all securities firms doing business in the United States.

Freddie Mac- Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Ginnie Mae- Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

Government Securities- An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of

Placer County Water Agency

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investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Guaranteed Investment Contracts (GICS)- An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

Interest Rate- The annual yield earned on an investment, expressed as a percentage.

Interest Rate Risk- The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value.

Investment-grade Obligations- An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a nationally recognized statistical rating organization.

Liquidity- An asset that can easily and rapidly be converted into cash without significant loss of value.

Local Agency Investment Fund (LAIF)-A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

Local Agency Investment Pool- A pooled investment vehicle sponsored by a local agency or a group of local agencies for use by other local agencies.

Mark-to-market- The practice of valuing a security or portfolio according to its market value, rather than its cost or book value.

Market Risk- The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value- Current market price of a security. The price at which a security is trading and could presumably be purchased or sold.

Placer County Water Agency

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Maturity- The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Mutual Fund- Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, banker's acceptances, repos and federal funds).

Mutual Funds- An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus, which is updated and filed by the SEC annually.

Net Asset Value- The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $\frac{((\text{Total assets}) - (\text{Liabilities}))}{(\text{Number of shares outstanding})}$

Negotiable Certificate of Deposit- A large denomination certificate of deposit, which can be sold in the open market prior to maturity.

New Issue- Term used when a security is originally "brought" to market.

Placer County Water Agency

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Note- A written promise to pay a specified amount to a certain entity on demand or on a specified date.

NRSRO- Nationally Recognized Statistical Rating Organization. Currently, the three top nationally recognized rating services: Moody's Investors Service, Inc., Standard & Poor's Corporation and Fitch Investors Services, Inc. These NRSRO's provide ratings on a variety of categories and sectors at different rating scales including bank ratings, municipal ratings, liquidity ratings, short, medium and long term investment ratings among others.

Moody's Investor Service, Inc. Bank Financial Strength Rating is A, B, C, D and E with the "A" indicating superior intrinsic financial strength.

The various NRSRO long-term bond investment grade rating categories are as follows:

- Moody's Investor Service, Inc. - Aaa, Aa, A, and Baa
- Standard & Poor's Corporation – AAA, AA, A, and BBB
- Fitch Investors Services, Inc. – AAA, AA, A, and BBB

Par Value- The amount of principal, which must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Portfolio- Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

Premium- The amount by which the price paid for a security exceeds the security's par value.

Prime Rate- A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Purchase Date- The date a security is purchased.

Rate of Return- The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Placer County Water Agency

Investment Policy

Repurchase Agreement (REPO)- A transaction in which a holder of securities sells those securities to an investor with an agreement to repurchase those securities for a fixed price at an agreed upon date. A master repurchase agreement is a written contract governing all future transactions between the parties and seeks to establish each party's right in the transaction.

Reverse Repurchase Agreement (Reverse Repo)- The opposite of a repurchase agreement. The investor owns the securities or collateral and a bank or dealer temporarily exchanges cash for the collateral for a specified period of time at an agreed upon interest rate.

Risk- Degree of uncertainty of return on an asset.

Sallie Mae- Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

Secondary Market- A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission (SEC)- The federal agency responsible for supervising and regulating the securities industry.

Settlement Date- The date on which a trade is cleared by delivery of securities against funds.

Time Certificate of Deposit- A non-negotiable certificate of deposit, which cannot be sold prior to maturity.

Total Return- The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills- U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in

Placer County Water Agency

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minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

Trustee or trust company or trust department of a bank- A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

U.S. Government Agencies- Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

U.S. Treasury Obligations- Debt obligations of the United States Government sold by the Treasury Department in the forms of Bills, Notes, and Bonds. Bills are short-term obligations that mature in 1 year or less and are sold on the basis of a rate of discount. Notes are obligations, which mature between 1 year and 10 years. Bonds are long-term obligations, which generally mature in 10 years or more.

Weighted Average Maturity- The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

Yield- The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity- The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Yield Curve- A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

M E M O R A N D U M

TO: Board of Directors

FROM: Joseph H. Parker, CPA, Director of Financial Services

DATE: January 7, 2020

RE: Employee Reimbursement Claim

RECOMMENDATION:

Approve Daryl Hensler's reimbursement claim for a business expense incurred in August 2019 in the amount of \$187.30.

BACKGROUND:

Pursuant to Chapter 3, Article 1, Section 3003, of the Agency's Personnel and Administrative Manual, employee reimbursement claims submitted beyond 60 days of the date the business expense was incurred requires Board of Directors approval to reimburse the employee.



MEMORANDUM

TO: Board of Directors

FROM: Joseph H. Parker, CPA, Director of Financial Services

DATE: January 6, 2020

RE: Board Check Register 20-02

RECOMMENDATION:

Check Register 20-02 expenses disbursed, receive and file.

ATTACHMENTS:

Description	Upload Date	Type
Board Check Register 20-02	1/6/2020	Backup Material

PLACER COUNTY WATER AGENCY

BOARD MEETING DATE 1/16/2020

SUMMARY

OF

CHECK REGISTER #20-02

FOR THE PERIOD OF

12/21/2019 - 1/03/2020

AGENCY WIDE	\$415,311.21
POWER SYSTEMS	498,449.87
WATER SYSTEMS	2,549,415.08
<hr/>	
GRAND TOTAL	\$3,463,176.16
<hr/>	

PLACER COUNTY WATER AGENCY

Check Register # 20-02

The Board of Directors of Placer County Water Agency as of this date, 1/16/2020, does hereby receive and file check register listing for the period from 12/21/2019 to 1/03/2020 in the amount of \$3,463,176.16

BANK OF NEW YORK MELLON	DEBT SERVICE	1,071,535.62
PUBLIC EMPLOYEES RETIREMENT SYSTEM	INSURANCE PREMIUM	484,412.00
PUBLIC EMP RETIREMENT SYSTEM	INSURANCE PREMIUM	428,086.52
PUBLIC EMPLOYEES RETIREMENT SYSTEM	PAYROLL SUMMARY	134,091.63
LORANG BROTHERS CONSTRUCTION, INC	PROG PAY EST#3 18004W	121,350.15
CITY OF AUBURN	COST SHARE NEVADA STREET	109,029.10
TCB INDUSTRIAL, INC	MAINTENANCE EXPENSE	101,298.30
SYBLON-REID COMPANY	PROG PAY EST#3 18045W	96,900.00
GANNETT FLEMING, INC.	PROFESSIONAL SERVICES	59,428.44
CARDNO, INC.	PROFESSIONAL SERVICES	56,372.08
PLACER COUNTY	EXCESS SIPP GRANT FUNDS	47,139.00
RUBICON CONSTRUCTION MNGMT	PROFESSIONAL SERVICES	44,879.25
CAL SIERRA CONSTRUCTION, INC.	RETENTION RELEASE 10019E	38,375.85
PREFERRED BENEFIT INS ADMINS	PAYROLL SUMMARY	29,530.80
U.S. BANK	P-CARD PROGRAM	29,457.09
MONTAGUE DE ROSE & ASSOC	PROFESSIONAL SERVICES	25,000.00
MARTECH	MAINTENANCE EXPENSE	20,375.68
HDR ENGINEERING INC	PROFESSIONAL SERVICES	18,534.05
IN COMMUNICATIONS	PROFESSIONAL SERVICES	17,547.80
CDW GOVERNMENT INC.	SUPPLIES EXPENSE	17,468.48
CSI METRICS, LLC	PROFESSIONAL SERVICES	15,774.00
CLA-VAL CO,	SUPPLIES EXPENSE	15,757.34
WESTERN HYDROLOGICS SYSTEM	PROFESSIONAL SERVICES	15,266.80
HOLT OF CALIFORNIA	MAINTENANCE EXPENSE	14,813.47
MASS MUTUAL RETIREMENT SERVICES	PAYROLL SUMMARY	14,746.22
CROSSROADS FACILITY SERVICES	LANDSCAPING SERVICE	14,574.24
VERIZON WIRELESS	UTILITY EXPENSE	14,499.71
CDW GOVERNMENT INC.	SUPPLIES EXPENSE	14,080.66
ING CAL PERS PLAN 457	PAYROLL SUMMARY	13,231.26
DAVIS2 CONSULTING	PROFESSIONAL SERVICES	12,163.17
NORTHSTAR COMMUNITY SERVICES DIST	FINANCIAL ASSISTANCE PROGRAM	11,672.41
DATAPROSE	PRINTING EXPENSE	11,532.98

PLACER COUNTY WATER AGENCY

Check Register # 20-02

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J'S JANITORIAL CLEANING SERVICE LLC	JANITORIAL SERVICE	11,099.00
GRAINGER	SUPPLIES EXPENSE	10,825.13
TIMBERLINE ENGINEERING INC	PROFESSIONAL SERVICES	9,937.50
SACRAMENTO PRESTIGE GUNITE, INC	GUNITE	9,470.00
WEST YOST & ASSOCIATES	PROFESSIONAL SERVICES	9,457.09
REXEL USA, INC.	SUPPLIES EXPENSE	9,278.45
B & M BUILDERS, INC.	PAVING	9,104.00
CZARNECKI-YESTER CONSULTING	PROFESSIONAL SERVICES	9,000.00
AUBURN FORD	VEHICLE MAINTENANCE	8,419.19
A TEEM ELECTRICAL ENGINEERING	PROFESSIONAL SERVICES	8,200.00
CONSERVATION STRATEGY GROUP, LLC	PROFESSIONAL SERVICES	8,000.00
WATER WORKS ENGINEERS, LLC.	PROFESSIONAL SERVICES	7,882.00
PACE SUPPLY CORPORATION	SUPPLIES EXPENSE	7,320.70
HOLT OF CALIFORNIA	RENTAL EXPENSE	7,314.03
AMAZON.COM	SUPPLIES EXPENSE	6,219.89
ENS RESOURCES, INC	PROFESSIONAL SERVICES	6,000.00
MARTECH	PROFESSIONAL SERVICES	5,893.25
SOUTHERNCARLSON, INC.	SUPPLIES EXPENSE	5,255.91
P G & E	UTILITY EXPENSE	5,136.84
GRAINGER	SUPPLIES EXPENSE	5,103.43
LOCAL 39 STATIONARY ENGINEERS	PAYROLL SUMMARY	5,033.05
PACIFIC GAS & ELECTRIC	INTERCONNECTION FEE	5,020.93
BAREBONES WORKWEAR	UNIFORM EXPENSE	5,017.37
OFFICE DEPOT-BUSINESS SERVICES	SUPPLIES EXPENSE	4,813.76
GHD INC.	PROFESSIONAL SERVICES	4,410.00
HUNT AND SONS, INC	FUEL EXPENSE	4,200.38
BENEFIT COORDINATORS CORPORATION	PAYROLL SUMMARY	4,188.83
PACE SUPPLY CORPORATION	SUPPLIES EXPENSE	4,171.22
GM CONSTRUCTION & DEVELOPERS, INC	MAINTENANCE EXPENSE	4,140.00
MARTIN, BRIAN	PROFESSIONAL SERVICES	4,070.00
MILLER SPATIAL SERVICES, LLC	SUPPLIES EXPENSE	3,712.50
MASON BRUCE & GIRARD, INC.	PROFESSIONAL SERVICES	3,595.31

PLACER COUNTY WATER AGENCY

Check Register # 20-02

The Board of Directors of Placer County Water Agency as of this date, 1/16/2020, does hereby receive and file check register listing for the period from 12/21/2019 to 1/03/2020 in the amount of \$3,463,176.16

OLIN CHLOR ALKALI PRODUCTS	CHEMICAL EXPENSE	3,488.20
ZANJERO	PROFESSIONAL SERVICES	3,480.00
FORENSIC ANALYTICAL CONSULTING	PROFESSIONAL SERVICES	3,417.50
FRISCH ENGINEERING, INC.	PROFESSIONAL SERVICES	3,412.50
GOLD COUNTRY MEDIA	ADVERTISING EXPENSE	3,346.90
BANNER COMMUNICATIONS	VEHICLE MAINTENANCE	3,269.19
API - MARKETING	PRINTING EXPENSE	3,157.52
CHEMTRADE CHEMICALS US LLC	CHEMICAL EXPENSE	3,085.20
CADENCE TEAM, INC	PROFESSIONAL SERVICES	3,000.00
CSAC EXCESS INSURANCE AUTH	INSURANCE PREMIUM	2,808.07
NEW PIG CORPORATION	SUPPLIES EXPENSE	2,726.97
STILES TRUCK BODY & EQUIPMENT	VEHICLE MAINTENANCE	2,679.50
ICONIX WATERWORKS (US) INC.	SUPPLIES EXPENSE	2,669.45
CRANMER ENGINEERING INC	WATER TESTING	2,576.75
JANI-KING OF CALIFORNIA, INC	JANITORIAL SERVICE	2,529.77
MALLORY SAFETY AND SUPPLY	SUPPLIES EXPENSE	2,392.99
POWERPLAN	SUPPLIES EXPENSE	2,300.47
FERGUSON ENTERPRISES, INC.	SUPPLIES EXPENSE	2,299.68
STERLING WATER TECHNOLOGIES	CHEMICAL EXPENSE	2,271.00
CHANG, LANCE	EXPENSE REIMBURSEMENT	2,244.06
PLAZA TIRE & AUTO SERVICE	VEHICLE MAINTENANCE	2,223.69
AQUA SIERRA CONTROLS, INC	MAINTENANCE EXPENSE	2,195.18
ADVANTAGE PRINT MARKETING	PRINTING EXPENSE	2,192.19
HILLS FLAT LUMBER COMPANY	SUPPLIES EXPENSE	2,038.04
DICK HARRIS TRUCKING, INC	ROAD BASE	1,995.53
PLAZA TIRE & AUTO SERVICE	VEHICLE MAINTENANCE	1,970.99
QUATRED, LLC	MAINTENANCE AGREEMENT	1,965.34
OFFICE DEPOT-BUSINESS SERVICES	SUPPLIES EXPENSE	1,959.89
BOBO SIGNS	SUPPLIES EXPENSE	1,934.30
AUBURN TIRE	VEHICLE MAINTENANCE	1,860.41
PLACER FARM SUPPLY	SUPPLIES EXPENSE	1,841.64
AT&T	UTILITY EXPENSE	1,834.44

PLACER COUNTY WATER AGENCY

Check Register # 20-02

The Board of Directors of Placer County Water Agency as of this date, 1/16/2020, does hereby receive and file check register listing for the period from 12/21/2019 to 1/03/2020 in the amount of \$3,463,176.16

SIEMENS INDUSTRY INC.	SUPPLIES EXPENSE	1,788.93
FASTENAL COMPANY	SUPPLIES EXPENSE	1,778.43
APS ENVIRONMENTAL	MAINTENANCE EXPENSE	1,685.00
BADGER METER INC	SUPPLIES EXPENSE	1,490.75
MIMA CAPITAL LLC	CREDIT BALANCE REFUND	1,421.68
ROCKLIN WINDUSTRIAL CO	SUPPLIES EXPENSE	1,416.10
HUNT AND SONS, INC	FUEL EXPENSE	1,400.77
ROOKER'S COLLISION CENTER	VEHICLE MAINTENANCE	1,378.17
DICK HARRIS TRUCKING, INC	ROAD BASE	1,354.07
RAMOS ENVIRONMENTAL SERVICES	DISPOSAL SERVICES	1,342.75
K S TELECOM, INC	TELEPHONE EXPENSE	1,180.00
GOLDEN 1 CREDIT UNION	PAYROLL SUMMARY	1,157.06
P G & E	UTILITY EXPENSE	1,001.50
SKYCASTERS, LLC	UTILITY EXPENSE	999.00
NEVADA COUNTY ANSWERING SERV	ANSWERING SERVICE	988.50
HD SUPPLY FACILITIES MAINT	SUPPLIES EXPENSE	952.26
UNITED SITE SERVICES OF CALIFORNIA	RENTAL EXPENSE	948.39
WESTERN POWER TRADING FORUM	SUBSCRIPTION EXPENSE	905.00
REINTJES, DARIN	EXPENSE REIMBURSEMENT	881.83
SUTTER OCCUPATIONAL HEALTH SERVICES	MEDICAL SERVICES	866.00
CUSTOM GRADING INC	CREDIT BALANCE REFUND	862.50
ARC DOCUMENT SOLUTIONS, LLC	PRINTING EXPENSE	842.30
SUPERION, LLC	PROFESSIONAL SERVICES	840.00
LINCOLN NATIONAL LIFE INS CO.	PAYROLL SUMMARY	800.27
A-TACH CONSTRUCTION	CREDIT BALANCE REFUND	797.70
ROCKLIN WINDUSTRIAL CO	SUPPLIES EXPENSE	786.49
BOYLE FUTURE TECHNOLOGY	VEHICLE MAINTENANCE	724.50
AT&T MOBILITY	UTILITY EXPENSE	691.42
PROCESS INNOVATIONS, INC.	PROFESSIONAL SERVICES	660.00
SIMPSON & SIMPSON INC	CREDIT BALANCE REFUND	615.49
ADVANCED SOLUTION	PROFESSIONAL SERVICES	600.00
AIRGAS NCN	SUPPLIES EXPENSE	594.34

PLACER COUNTY WATER AGENCY

Check Register # 20-02

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EYEP-SOLUTIONS INC	LICENSE EXPENSE	553.87
ROCKLIN HYDRAULICS	SUPPLIES EXPENSE	546.98
UAIC GOLF RESORTS CORP	CREDIT BALANCE REFUND	486.43
HD SUPPLY FACILITIES MAINT	SUPPLIES EXPENSE	476.13
ANDERSON'S SIERRA PIPE CO.	SUPPLIES EXPENSE	473.91
TIAA COMMERCIAL FINANCE, INC.	COPIER LEASE	465.24
FORESTHILL GARAGE, INC	VEHICLE MAINTENANCE	455.06
REED SMITH LLP	LEGAL SERVICES	455.00
MIKE LEE	EXPENSE REIMBURSEMENT	450.89
KNECHEL, BARBARA	CREDIT BALANCE REFUND	447.57
FERGUSON ENTERPRISES, INC.	SUPPLIES EXPENSE	443.63
RIEBES AUTO PARTS	VEHICLE MAINTENANCE	418.54
EMPLOYMENT SCREENING SERV, INC	RECRUITMENT EXPENSE	407.00
CARQUEST AUTO PARTS	VEHICLE MAINTENANCE	403.31
FASTENAL COMPANY	SUPPLIES EXPENSE	402.30
TIAA COMMERCIAL FINANCE, INC.	COPIER LEASE	395.41
HARRIS INDUSTRIAL GASES	SUPPLIES EXPENSE	388.85
UNITED SITE SERVICES OF CALIFORNIA	RENTAL EXPENSE	384.10
MC MASTER-CARR SUPPLY COMPANY	SUPPLIES EXPENSE	357.72
PREMIER TRAINING NETWORK	TRAINING EXPENSE	350.00
SCOTT TECHNOLOGY GROUP SACRAMENTO	MAINTENANCE AGREEMENT	342.27
AUBURN ACE HARDWARE	SUPPLIES EXPENSE	337.08
STB ELECTRICAL TEST EQUIP.,INC	SUPPLIES EXPENSE	334.85
SIERRA BUILDING SYSTEMS, INC	MAINTENANCE EXPENSE	300.00
WIENHOFF DRUG TESTING INC.	MEDICAL SERVICES	285.00
MALLORY SAFETY AND SUPPLY	SUPPLIES EXPENSE	279.84
FORESTHILL GARAGE, INC	VEHICLE MAINTENANCE	277.87
P&A ADMINISTRATIVE SERVICES, INC.	PAYROLL SUMMARY	274.50
SIERRA SAW	SUPPLIES EXPENSE	253.84
PACIFIC MATERIAL HANDLING	MAINTENANCE EXPENSE	239.10
ALTA SAW & MOWER	SUPPLIES EXPENSE	214.48
KING, ANDREA	CREDIT BALANCE REFUND	209.03

PLACER COUNTY WATER AGENCY

Check Register # 20-02

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HILLS FLAT LUMBER COMPANY	SUPPLIES EXPENSE	206.36
AUBURN ACE HARDWARE	SUPPLIES EXPENSE	198.69
RIEBES AUTO PARTS	VEHICLE MAINTENANCE	195.97
MC MASTER-CARR SUPPLY COMPANY	SUPPLIES EXPENSE	193.56
JOHNSON, NICK	OVERTIME MEALS	184.37
AT&T	UTILITY EXPENSE	174.21
DATASAFE, INC	MAINTENANCE AGREEMENT	171.00
HARRIS INDUSTRIAL GASES	RENTAL EXPENSE	165.75
DIRECT TV	DIRECT TV	162.97
INFINITI WIRELESS, INC	PROFESSIONAL SERVICES	150.00
DULUTH TRADING CO	SUPPLIES EXPENSE	144.67
CONFIDENTIAL DOCUMENT CONTROL	RECORDS DESTRUCTION	140.00
LIGHTFOOT TRUCK REPAIR INC.	VEHICLE MAINTENANCE	140.00
HOME DEPOT USA. INC	SUPPLIES EXPENSE	128.12
AUBURN FORD	VEHICLE MAINTENANCE	118.34
HUGHES NETWORK SYSTEMS	UTILITY EXPENSE	116.94
CALTRONICS BUSINESS SYSTEMS	MAINTENANCE AGREEMENT	111.43
RIFFEY, MARK	CREDIT BALANCE REFUND	104.82
DAVE TAYLOR	OVERTIME MEALS	102.55
BLACK IRIS LLC	CREDIT BALANCE REFUND	100.00
MORRISON, JENNIFER	CREDIT BALANCE REFUND	100.00
REED, BRANDON	CREDIT BALANCE REFUND	95.45
DAWSON OIL CO.	SUPPLIES EXPENSE	95.35
MEDINA, WAYNE	CREDIT BALANCE REFUND	91.83
CITY OF ROSEVILLE	UTILITY EXPENSE	91.22
BRYAN, CINDY	CREDIT BALANCE REFUND	83.72
UNITED PARCEL SERVICE	SHIPPING EXPENSE	82.89
TAYLOR MORRISON HOMES OF CALIF	CREDIT BALANCE REFUND	80.94
CONFIDENTIAL DOCUMENT CONTROL	RECORDS DESTRUCTION	80.00
DIAMOND WELL DRILLING	WATER TESTING	80.00
DIAMOND WELL DRILLING	WATER TESTING	80.00
CONTRACTOR COMPLIANCE & MONITORING	PROFESSIONAL SERVICES	78.95

PLACER COUNTY WATER AGENCY

Check Register # 20-02

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O'RAY-WRIGHT, DIANE	CREDIT BALANCE REFUND	78.50
INLAND BUSINESS MACHINES	MAINTENANCE AGREEMENT	77.43
TALCOTT RESOLUTION LIFE & ANNUITY	PAYROLL SUMMARY	76.13
WALTERS, VICTORIA	CREDIT BALANCE REFUND	70.54
DITCH WITCH WEST	SUPPLIES EXPENSE	69.93
MAHMOODI, SHAHBAZ	CREDIT BALANCE REFUND	69.90
ARKADIN, INC.	MEETING EXPENSE	65.69
FIRENZI, TONY	EXPENSE REIMBURSEMENT	64.68
TAYLOR RD PROPERTY INC	CREDIT BALANCE REFUND	63.38
CALPERS LONG TERM CARE PROGRAM	PAYROLL SUMMARY	61.58
MOLINA III, CHRISTOPHER G.	EXPENSE REIMBURSEMENT	60.00
AT&T INTERNET SERVICES	UTILITY EXPENSE	57.82
RALEY'S DRUG	SUPPLIES EXPENSE	56.99
OC TANNER RECOGNITION COMPANY	EMPLOYEE RECOGNITION	55.45
UNITED PARCEL SERVICE	SHIPPING EXPENSE	53.80
VANDERVOLGEN, RACHAEL	CREDIT BALANCE REFUND	53.69
RHODES, ERIN	CREDIT BALANCE REFUND	53.10
KERCHER, IRENE	CREDIT BALANCE REFUND	52.96
HAMILTON, ALEX	CREDIT BALANCE REFUND	51.51
TOMASI, CAROL	CREDIT BALANCE REFUND	49.95
APARICIO, DAVID	EXPENSE REIMBURSEMENT	49.24
CULLIGAN	WATER SERVICE	47.10
BRIGHT, DAVID	CREDIT BALANCE REFUND	40.89
WAREHOUSE PAINT	SUPPLIES EXPENSE	39.09
HANSEN BROTHERS ENTERPRISES	PROPANE EXPENSE	38.99
GOLDEN STATE OVERNIGHT	SHIPPING EXPENSE	32.60
RFE ENGINEERING, INC.	PROFESSIONAL SERVICES	32.50
ECHO VALLEY RANCH	SUPPLIES EXPENSE	32.14
OREILLY AUTOMOTIVE STORES	VEHICLE MAINTENANCE	26.53
KLING, DARLENE	CREDIT BALANCE REFUND	25.17
BUREAU OF RECLAMATION MID PAC	CVP PAYMENT	23.40
WALKER, JOHNNIE	CREDIT BALANCE REFUND	23.33

PLACER COUNTY WATER AGENCY
Check Register # 20-02

The Board of Directors of Placer County Water Agency as of this date, 1/16/2020, does hereby receive and file check register listing for the period from 12/21/2019 to 1/03/2020 in the amount of \$3,463,176.16

STOKES, ROBERT	CREDIT BALANCE REFUND	23.25
PCWA 161506-21717	CREDIT BALANCE REFUND	22.92
CHOATE, BRANT	CREDIT BALANCE REFUND	22.78
JEFF CALL	OVERTIME MEALS	22.01
POPE, JACQUELINE	CREDIT BALANCE REFUND	21.23
PCWA 126906-31540	CREDIT BALANCE REFUND	18.02
GANDY, MIKE	CREDIT BALANCE REFUND	17.32
SYDOW, GREGG	OVERTIME MEALS	14.98
WILLIAMS, SARAH	CREDIT BALANCE REFUND	13.41
PITTMAN, MITCHELL	CREDIT BALANCE REFUND	8.85
AMERIGAS PROPANE, LP	RENTAL EXPENSE	8.84
PCWA 137645-50862	CREDIT BALANCE REFUND	8.30
PARKER, JOSEPH	EXPENSE REIMBURSEMENT	7.39
INLAND BUSINESS MACHINES	MAINTENANCE AGREEMENT	6.89
DUKES, KARA & CHARLES	CREDIT BALANCE REFUND	5.20
PCWA 166867-3642	CREDIT BALANCE REFUND	3.07
BAUHOFER, JANENE	CREDIT BALANCE REFUND	2.08
BENNETT, STEPHANIE	CREDIT BALANCE REFUND	1.79
GREER, SHARON CALENE	CREDIT BALANCE REFUND	1.50

CHECK REGISTER TOTAL \$3,463,176.16



MEMORANDUM

TO: Board of Directors

FROM: Joseph H. Parker, CPA, Director of Financial Services

DATE: January 6, 2020

RE: Board of Directors' December Expenses

RECOMMENDATION:

Receive and file.

ATTACHMENTS:

Description	Upload Date	Type
Board of Directors' December Expenses	1/6/2020	Backup Material

Placer County Water Agency
Board of Directors
Expense Reimbursements
December 2019

Director	Representing District	Date Paid	Purpose/Description	Amount
Gray Allen	1	12/13/2019	ACWA Fall Conference - Lodging	\$ 118.14
				Total District 1 <u>\$ 118.14</u>
Primo Santini	2	-	-	\$ -
				Total District 2 <u>\$ -</u>
Mike Lee	3	12/27/2019	Mileage, meal, and lodging reimbursement to attend meetings for Agenda Review, Rocklin Chamber, MCWRA Meeting, and PCWA Board Meetings in November	\$ 251.47
		12/27/2019	Mileage, meal, and lodging reimbursement to attend meetings for Agenda Review, PCWA Board Meetings, and ACWA Fall Conference in December	199.42
				Total District 3 <u>\$ 450.89</u>
Robert Dugan	4	-	-	\$ -
				Total District 4 <u>\$ -</u>
Joshua Alpine	5	-	-	\$ -
				Total District 5 <u>\$ -</u>



MEMORANDUM

TO: Board of Directors

FROM: Joseph Parker, CPA, Director of Financial Services

DATE: January 6, 2020

RE: Treasurer's Investment Report for month ended December 31, 2019

RECOMMENDATION:

Receive and file Treasurer's Investment Report for month ended December 31, 2019.

ATTACHMENTS:

Description	Upload Date	Type
Treasurer's Report December 31, 2019	1/7/2020	Backup Material



Office of
Joseph H. Parker, CPA
Director of Financial Services / Treasurer
Placer County Water Agency

Placer County Water Agency

Treasurer's Investment Report December 31, 2019

144 Ferguson Road • Auburn, California 95604
Telephone: (530) 823-4875

Treasurer's Discussion

Placer County Water Agency Treasurer's Report

December 31, 2019

This Treasurer's Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

Book Value is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value depending upon whether the security was purchased at a premium or at a discount.

Par (Face) Value is the principal amount of a security and the amount of principal that will be paid at maturity.

Market Value is the value at which a security can be sold at the time it is priced including accrued interest. Individual securities market prices are obtained from Union Bank, (safekeeper and third party custodian), and Bank of New York (fiscal agent). Market values are only relevant if the investment is sold prior to maturity. A gain or loss would be realized only if the specific investment were to be sold. It is the Agency's practice to hold to maturity.

The investments held in the portfolio are in accordance with the Investment Policy of Placer County Water Agency and California Government Code.

The weighted average maturity of the investments in the portfolio is 484

The ability of Placer County Water Agency to meet cash flows is demonstrated by over \$60,440,000 in liquid cash and investments, primarily from amounts in the County and State investment funds and securities maturing in the next 180 days.



PCWA
Portfolio Management
Portfolio Summary
December 31, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Local Agency Investment Funds	42,939,909.93	42,939,909.93	42,939,909.93	23.37	1	1	2.074	2.103
Placer County Treasury	7,111,233.41	7,111,233.41	7,111,233.41	3.87	1	1	1.906	1.932
Checking Accounts	10,392,577.96	10,392,577.96	10,392,577.96	5.66	1	1	0.002	0.002
Medium Term Notes	21,000,000.00	21,219,210.00	20,924,255.09	11.39	1,152	605	2.543	2.578
Federal Agency Coupon Securities	76,200,000.00	77,732,476.00	76,637,429.80	41.71	1,238	793	2.308	2.340
Treasury Coupon Securities	17,000,000.00	17,091,390.00	16,885,595.66	9.19	917	535	2.444	2.478
Treasury Discounts -Amortizing	2,000,000.00	1,995,300.00	1,992,178.65	1.08	359	57	2.551	2.587
Municipal Bonds	4,000,000.00	4,153,080.00	4,066,585.87	2.21	1,811	1,552	2.545	2.580
Cash w/Fiscal Agent-BNY	2,777,314.75	2,777,314.75	2,777,314.75	1.51	1	1	0.000	0.000
Investments	183,421,036.05	185,412,492.05	183,727,081.12	100.00%	776	484	2.119	2.149
Cash and Accrued Interest								
Accrued Interest at Purchase *		0.00	0.00					
Ending Accrued Interest		900,372.15	900,372.15					
Subtotal		900,372.15	900,372.15					
Total Cash and Investments Value	183,421,036.05	186,312,864.20	184,627,453.27		776	484	2.119	2.149

Total Earnings	December 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	332,820.39	3,922,977.05	3,922,977.05

* 28,083.34 Accrued at Purchase is Included in Book Value.

Average Daily Balance	181,581,752.12	175,755,632.65
Effective Rate of Return	2.16%	2.23%

The investments held in portfolio are in accordance with the Investment Policy of PCWA.

Joseph H. Parker, Director of Financial Services

Reporting period 12/01/2019-12/31/2019

PCWA
Portfolio Management
Portfolio Details - Investments
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM/C 360	Maturity Date
Local Agency Investment Funds												
90-31-006	10054	Local Agency Investment Fund		01/01/2017	42,939,909.93	42,939,909.93	42,939,909.93	2.103	1	1	2.074	
Subtotal and Average			42,939,909.93		42,939,909.93	42,939,909.93	42,939,909.93		1	1	2.074	
Placer County Treasury												
PL CO POOL	10503	Placer County Treasury		01/01/2017	7,111,233.41	7,111,233.41	7,111,233.41	1.932	1	1	1.906	
Subtotal and Average			7,111,233.41		7,111,233.41	7,111,233.41	7,111,233.41		1	1	1.906	
Cash w/Fiscal Agent - MF Series A												
PCWA SERIES A	10575	US Bank & Trust (Series A)		01/01/2017	0.00	0.00	0.00		1	1	0.000	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0	0.000	
Checking Accounts												
OPERATING ACCT	10164	Union Bank		01/01/2017	1,815,622.16	1,815,622.16	1,815,622.16	0.010	1	1	0.010	
FLEX 125 PLAN	10213	Union Bank		01/01/2017	0.00	0.00	0.00		1	1	0.000	
PREMIER TIERED	10299	Union Bank		01/01/2017	579,553.70	579,553.70	579,553.70	0.010	1	1	0.010	
WORKCOMP	10695	Union Bank		01/01/2017	0.00	0.00	0.00		1	1	0.000	
USB GEN ACCT	10761	US Bank		09/01/2018	7,967,374.16	7,967,374.16	7,967,374.16		1	1	0.000	
USB FLEX 125 PL	10763	US Bank		09/01/2018	13,414.32	13,414.32	13,414.32		1	1	0.000	
USB WORKCOMP	10781	US Bank		12/31/2018	16,613.62	16,613.62	16,613.62		1	1	0.000	
Subtotal and Average			9,327,662.14		10,392,577.96	10,392,577.96	10,392,577.96		1	1	0.002	
Medium Term Notes												
037833CC2	10722	APPLE INC		03/07/2017	3,000,000.00	2,988,750.00	2,969,671.08	1.550	1,611	581	2.190	08/04/2021
037833AR1	10741	APPLE INC		05/03/2018	3,000,000.00	3,046,290.00	2,997,460.80	2.850	1,099	491	2.876	05/06/2021
084670BQ0	10733	Berkshire Hathway		02/01/2018	3,000,000.00	3,011,610.00	2,991,312.28	2.200	1,138	439	2.417	03/15/2021
4581X0DA3	10775	Interamer Dev Bank		11/15/2018	3,000,000.00	3,071,400.00	2,949,638.72	2.500	1,525	1,113	3.049	01/18/2023
459058DH3	10749	INTL BK RECON & DEVELOP		05/25/2018	3,000,000.00	3,010,440.00	2,985,215.75	2.125	891	305	2.702	11/01/2020
459058GH0	10788	INTL BK RECON & DEVELOP		02/21/2019	3,000,000.00	3,049,890.00	3,008,778.03	2.750	883	569	2.520	07/23/2021
594918BA1	10802	Microsoft Corp Note		08/01/2019	3,000,000.00	3,040,830.00	3,022,178.43	2.375	926	742	2.053	02/12/2022
Subtotal and Average			20,922,450.42		21,000,000.00	21,219,210.00	20,924,255.09		1,152	605	2.543	
Federal Agency Coupon Securities												
3133EHEZ2	10725	Federal Farm Credit Bank		04/06/2017	3,000,000.00	2,999,790.00	3,000,000.00	1.600	1,096	96	1.578	04/06/2020
3133EHHB2	10726	Federal Farm Credit Bank		04/27/2017	3,000,000.00	2,998,650.00	3,000,000.00	1.450	1,096	117	1.430	04/27/2020
3133EJRL5	10756	Federal Farm Credit Bank		06/28/2018	3,000,000.00	3,013,080.00	3,000,000.00	2.550	714	162	2.515	06/11/2020

PCWA
Portfolio Management
Portfolio Details - Investments
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM/C 360	Maturity Date
Federal Agency Coupon Securities												
3133EJUS6	10767	Federal Farm Credit Bank		10/16/2018	3,000,000.00	3,127,530.00	2,980,580.34	2.875	1,735	1,293	3.030	07/17/2023
3133EJK24	10770	Federal Farm Credit Bank		10/29/2018	3,000,000.00	3,075,930.00	3,005,232.45	3.000	1,086	657	2.858	10/19/2021
3133EJT74	10776	Federal Farm Credit Bank		11/21/2018	3,000,000.00	3,078,870.00	3,008,490.89	3.050	1,090	684	2.851	11/15/2021
3130ACE26	10750	Federal Home Loan Bank		05/30/2018	3,000,000.00	2,994,510.00	2,977,174.37	1.375	852	271	2.403	09/28/2020
3130AEJB7	10755	Federal Home Loan Bank		06/28/2018	3,000,000.00	3,029,160.00	3,001,177.85	2.675	908	356	2.597	12/22/2020
313383ZU8	10757	Federal Home Loan Bank		07/24/2018	3,000,000.00	3,072,570.00	3,010,741.33	3.000	1,144	618	2.739	09/10/2021
313383YJ4	10764	Federal Home Loan Bank		10/01/2018	3,000,000.00	3,182,730.00	3,036,808.01	3.375	1,803	1,346	2.973	09/08/2023
3130AF3E5	10768	Federal Home Loan Bank		10/17/2018	3,000,000.00	3,089,730.00	3,000,000.00	3.000	1,241	800	2.959	03/11/2022
3130ADRG9	10792	Federal Home Loan Bank		03/05/2019	2,000,000.00	2,066,720.00	2,008,062.88	2.750	1,466	1,164	2.580	03/10/2023
3130AFWC7	10793	Federal Home Loan Bank		03/11/2019	3,000,000.00	3,003,480.00	2,999,781.54	2.670	1,085	58	2.637	02/28/2022
313378WG2	10794	Federal Home Loan Bank		03/20/2019	3,000,000.00	3,056,310.00	3,002,124.37	2.500	1,087	800	2.432	03/11/2022
3130AB3H7	10800	Federal Home Loan Bank		05/15/2019	3,000,000.00	3,088,260.00	3,015,783.06	2.375	1,759	1,528	2.211	03/08/2024
3130A1XJ2	10801	Federal Home Loan Bank		07/01/2019	3,000,000.00	3,149,850.00	3,129,678.47	2.875	1,810	1,626	1.829	06/14/2024
3130A2UW4	10806	Federal Home Loan Bank		09/30/2019	3,000,000.00	3,156,990.00	3,168,133.34	2.875	1,810	1,717	1.635	09/13/2024
3130A3DL5	10807	Federal Home Loan Bank		10/17/2019	3,000,000.00	3,076,530.00	3,083,843.65	2.375	1,422	1,346	1.638	09/08/2023
313381BR5	10809	Federal Home Loan Bank		12/31/2019	3,000,000.00	3,020,580.00	3,023,225.50	1.875	1,074	1,073	1.622	12/09/2022
3137EAEN5	10783	Federal Home Loan Mortgage Cor		02/20/2019	3,000,000.00	3,115,800.00	3,020,244.98	2.750	1,580	1,265	2.508	06/19/2023
3137EADB2	10805	Federal Home Loan Mortgage Cor		08/08/2019	3,000,000.00	3,046,260.00	3,050,454.06	2.375	889	743	1.589	01/13/2022
3135G0T94	10765	Federal National Mtg Assn		10/16/2018	3,000,000.00	3,067,740.00	2,943,961.17	2.375	1,556	1,114	2.990	01/19/2023
3135G0U27	10769	Federal National Mtg Assn		10/17/2018	3,000,000.00	3,034,980.00	2,984,840.63	2.500	909	468	2.921	04/13/2021
3135G0W33	10808	Federal National Mtg Assn		11/15/2019	3,000,000.00	2,980,260.00	2,984,339.63	1.375	1,026	979	1.653	09/06/2022
742651DU3	10718	Private Export Funding		11/21/2016	2,200,000.00	2,202,266.00	2,202,992.85	2.250	1,210	74	1.546	03/15/2020
880591EV0	10734	Tenn Val Authority Cpn Series		03/09/2018	3,000,000.00	3,003,900.00	2,999,758.43	2.250	737	74	2.259	03/15/2020
Subtotal and Average			73,716,678.80		76,200,000.00	77,732,476.00	76,637,429.80		1,238	793	2.308	
Treasury Coupon Securities												
9128282W9	10739	U.S. Treasury		03/19/2018	3,000,000.00	3,022,860.00	2,944,162.70	1.875	1,656	1,003	2.562	09/30/2022
912828R77	10777	U.S. Treasury		12/12/2018	3,000,000.00	2,990,850.00	2,943,759.37	1.375	901	516	2.719	05/31/2021
912828Y46	10778	U.S. Treasury		12/28/2018	3,000,000.00	3,016,980.00	3,001,423.06	2.625	581	212	2.506	07/31/2020
912828VF4	10782	U.S. Treasury		10/31/2018	3,000,000.00	2,996,490.00	2,982,978.21	1.375	578	151	2.749	05/31/2020
912828XQ8	10791	U.S. Treasury		03/05/2019	2,000,000.00	2,020,620.00	1,972,964.36	2.000	1,244	942	2.515	07/31/2022
9128284T4	10804	U.S. Treasury		08/15/2019	3,000,000.00	3,043,590.00	3,040,307.96	2.625	670	531	1.658	06/15/2021
Subtotal and Average			19,791,169.91		17,000,000.00	17,091,390.00	16,885,595.66		917	535	2.444	

PCWA
Portfolio Management
Portfolio Details - Investments
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Days to Term	YTM/C 360	Maturity Date	
Treasury Discounts -Amortizing												
912796SD2	10798	U.S. Treasury		03/05/2019	2,000,000.00	1,995,300.00	1,992,178.65	2.470	359	57	2.551	02/27/2020
Subtotal and Average			1,990,120.40		2,000,000.00	1,995,300.00	1,992,178.65		359	57	2.551	
Municipal Bonds												
13063DLZ9	10799	CAS		04/17/2019	4,000,000.00	4,153,080.00	4,066,585.87	3.000	1,811	1,552	2.545	04/01/2024
Subtotal and Average			4,067,196.56		4,000,000.00	4,153,080.00	4,066,585.87		1,811	1,552	2.545	
Cash w/Fiscal Agent-BNY												
SRF LOAN-08	10510	Bank of New York Mellon Trust		09/30/2009	1,298,752.83	1,298,752.83	1,298,752.83		1	1	0.000	
2007 COPS	10531	Bank of New York Mellon Trust		01/01/2009	448,372.88	448,372.88	448,372.88		1	1	0.000	
2008/13 COPS	10532	Bank of New York Mellon Trust		01/01/2009	636,351.69	636,351.69	636,351.69		1	1	0.000	
SRF LOAN-12	10632	Bank of New York Mellon Trust		06/30/2013	393,837.35	393,837.35	393,837.35		1	1	0.000	
Subtotal and Average			1,715,330.55		2,777,314.75	2,777,314.75	2,777,314.75		1	1	0.000	
Total and Average			181,581,752.12		183,421,036.05	185,412,492.05	183,727,081.12		776	484	2.119	

PCWA
Portfolio Management
Portfolio Details - Cash
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Mat./Call	YTM/C 360
		Average Balance	0.00	Accrued Interest at Purchase *		0.00	0.00		0	0	
				Ending Accrued Interest		900,372.15	900,372.15				
				Subtotal		900,372.15	900,372.15				
		Total Cash and Investment Value	181,581,752.12		183,421,036.05	186,312,864.20	184,627,453.27		776	484	2.119

* 28,083.34 Accrued at Purchase is Included in Book and Market Values

PCWA
Portfolio Management
Activity By Type
December 1, 2019 through December 31, 2019

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
Subtotal							42,939,909.93
Placer County Treasury (Monthly Summary)							
Subtotal							7,111,233.41
Cash w/Fiscal Agent - MF Series A (Monthly Summary)							
Subtotal							0.00
Checking Accounts (Monthly Summary)							
OPERATING ACCT	10164	Union Bank	0.010		4,766,127.45	7,199,485.67	
PREMIER TIERED	10299	Union Bank	0.010		12.36	1,500,067.00	
USB GEN ACCT	10761	US Bank			10,679,674.47	5,637,047.31	
USB FLEX 125 PL	10763	US Bank			2,822.38	9,684.26	
USB WORKCOMP	10781	US Bank			200.69	2,140.10	
Subtotal					15,448,837.35	14,348,424.34	10,392,577.96
Medium Term Notes							
Subtotal							20,924,255.09
Federal Agency Coupon Securities							
313381BR5	10809	Federal Home Loan Bank	1.875	12/31/2019	3,019,788.00	0.00	
Subtotal					3,019,788.00	0.00	76,637,429.80
Treasury Coupon Securities							
912828G95	10730	U.S. Treasury	1.625	12/31/2019	0.00	3,000,000.00	
Subtotal					0.00	3,000,000.00	16,885,595.66
Treasury Discounts -Amortizing							
Subtotal							1,992,178.65
Municipal Bonds							
Subtotal							4,066,585.87
Cash w/Fiscal Agent-BNY							
SRF LOAN-08	10510	Bank of New York Mellon Trust			1,383.47	0.00	

PCWA
Portfolio Management
Activity By Type
December 1, 2019 through December 31, 2019

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Cash w/Fiscal Agent-BNY							
2007 COPS	10531	Bank of New York Mellon Trust			448,371.30	0.00	
2008/13 COPS	10532	Bank of New York Mellon Trust			623,177.61	0.00	
SRF LOAN-12	10632	Bank of New York Mellon Trust			24,451.29	0.00	
		Subtotal			1,097,383.67	0.00	2,777,314.75
		Total			19,566,009.02	17,348,424.34	183,727,081.12

MEMORANDUM

TO: Board of Directors

FROM: Jay L'Estrange, Director of Power Generation Services

DATE: December 10, 2019

RE: Black & Veatch Corporation, Amendment No. Seven to the 2017 On-call Professional Services Agreement for the Middle Fork American River Project

RECOMMENDATION:

Consider approving Amendment No. Seven to the 2017 Engineering Services Agreement with Black & Veatch Corporation, for the Middle Fork American River Project (MFARP), to extend the time of performance through January 20, 2021.

BACKGROUND:

The Power System Department uses on-call professional services to enhance or supplement existing staff services used for the MFARP. These services are necessary and called upon in support of various projects where time is of the essence or specialized services are needed. These services are authorized by task orders and include electrical, civil, and structural engineering, environmental, and regulatory compliance. Due to the complexity of the Agency's hydropower system, small but time-critical problems periodically occur that warrant quick-response services to keep electrical production reliable and civil structures safe.

Extending the time of performance will allow Black & Veatch to continue work on several tasks including preparing a probable maximum flood report as required by the Federal Energy Regulatory Commission (FERC), L.L. Anderson Low Level Outlet Upgrade Construction support, assistance with penstock coupling repair, and complete inundation maps for California Division of Safety of Dams .

FISCAL IMPACT:

Funding will come from individual Power Division Capital Projects or the Operations Budget within the Power System Department. The Amendment does not increase the not-to-exceed amount of \$2,250,000.

MEMORANDUM

TO: Board of Directors

FROM: Jay L'Estrange, Director of Power Generation Services

DATE: October 23, 2019

RE: 2017 Stantec Consulting Services, Professional Services Agreement -
Middle Fork American River Project Amendment No. One

RECOMMENDATION:

Approve the following for Amendment No. One to Agreement #PS-2457734 for the Professional Services Agreement with Stantec Consulting Services Inc.;

- a. Extend the time of performance through January 20, 2021. This is the first of two optional contract extensions by the Agency;
- b. Revise the hourly labor rates of the confidential rate sheet to be effective as of January 16, 2020;
- c. Revise Exhibit F Supplemental Insurance and Indemnity Requirements.

BACKGROUND:

The Power Generation Services Department uses on-call professional services to enhance or supplement existing staff services used for the Middle Fork American River Project (MFP). These services are necessary and called upon in support of various projects where time is of the essence or specialized services are needed. These services are authorized by task orders and include electrical, civil, and structural engineering, environmental and regulatory compliance. Due to the complexity of the Agency's hydropower system, small but time-critical problems periodically occur that warrant quick-response services to keep electrical production reliable and civil structures safe.

Stantec Consulting Services Inc. (formerly MWH) has extensive knowledge of hydropower in general, and has specific knowledge of the MFP's facilities and civil structures. They continue to provide a high level of service.

FISCAL IMPACT:

Funding will come from the Power System Department Operations Budget within the Department of Power Systems. This Amendment does not increase the not-to-exceed agreement amount of \$200,000.

MEMORANDUM

TO: Board of Directors

FROM: R. Brent Smith, Director of Technical Services

DATE: December 20, 2019

RE: Renewal of ESRI Enterprise Advantage Program

RECOMMENDATION:

Approve the following:

- a. Renewal of the Enterprise Advantage Program with Environmental Systems Research Institute, Inc. for a one year term in an amount not to exceed \$53,698;
- b. Authorize the Director of Technical Services to execute the renewal agreement.

BACKGROUND:

The Agency's Geographic Information System (GIS) program has become an integral component of our data and mapping storage and a critical tool in many facets of our operations. GIS technology provides access to data from a visual geographical-based perspective and is used for analysis in studies such as asset management and watershed management. It is also incorporated into mobile applications for use by field crews and is used to prepare maps and exhibits that are the backdrop of many presentations. Every department at PCWA uses our GIS program.

The EAP program provides consulting and professional technical services and includes collaboration with our own technical advisor from ESRI, who has a 25-year background in water utilities, and also includes technical professional services throughout the year, filling any gaps in technical expertise. With guidance from our advisor and ESRI technical services over the previous year, we were able to improve and expand our GIS program that fills the needs of various end users within the Agency.

Technical Services entered the program under staff's administrative signing authority in 2018. The program was expanded for greater services under a new, revised agreement in 2019 and is renewable on an annual basis, subject to the terms and conditions of that same revised 2019 agreement. Per terms of the agreement, it may be renewed once for 2020 upon payment of a renewal invoice, thus no written amendment would be required. The renewal amount for this program in 2020 is \$53,698. Staff recommends renewal to make important progress in our GIS program, including migrating our existing GIS databases to new servers and upgrading our entire GIS program.

FISCAL IMPACT:

Funding for this agreement will come from Water Division, Operations Budget within the Department of Technical Services.

M E M O R A N D U M

TO: Board of Directors

FROM: Andrew Fecko, Director of Strategic Affairs
Matt Young, Director of Customer Services
Ross Branch, Public Affairs Manager

DATE: December 19, 2019

RE: Lucy & Company 2020 Professional Services Agreement

RECOMMENDATION:

Approve a professional services agreement with The Eidam Corporation, dba Lucy & Company, for educational outreach in support of regional water supply solutions in an amount not to exceed \$90,000 for 2020.

BACKGROUND:

The Eidam Corporation, dba Lucy & Company (formerly Crocker & Crocker) supports the Agency's public outreach activities by producing printed and digital media that educates PCWA customers, residents, and regional and elected representatives on a variety of statewide and local issues. In particular, Lucy & Company supports the Agency's public outreach participation with the North State Water Alliance, the RiverArc project, and other potential state and federal regulatory and legislative actions that may affect the Agency's customers and its water and energy supplies.

FISCAL IMPACT:

Funding for task orders under this agreement will come from accounts where funds have been previously budgeted within the respective departments.

Because of the broad state and federal issues affecting stewardship, water and power resources, funding for the Agreement comes from Agency Wide and Power Division Operations Budget within the Department of Strategic Affairs, and Water Division Operations within the Department of Customer Services.

MEMORANDUM

TO: Board of Directors

FROM: Jay L'Estrange, Director of Power Generation Services

DATE: January 2, 2020

RE: General Services Agreement with Western Hydrologic Systems

RECOMMENDATION:

Approve a General Services Agreement with William R. Slightam, dba Western Hydrologic Systems, for streamgauge maintenance and hydrologic related services for the Middle Fork American River Project (MFP) for a period of three years in an amount not to exceed \$245,000 per year.

BACKGROUND:

Streamflow and reservoir storage gages are critical to the planning and operation of the MFP. The current and proposed Federal Energy Regulatory Commission (FERC) license for the MFP requires that stream and reservoir gages be maintained to current United States Geological Survey (USGS) standards and official data records be reviewed and published by the USGS. In addition to providing operational data, seven of the streamflow gaging sites are FERC license compliance points.

Western Hydrologic Systems will continue to provide the following services:

- Provide calibration, maintenance, monitoring, and downloading of data on a monthly basis of the 30+ Agency identified gages and turbidity sensors;
- Develop, verify, and update rating tables for each gage site;
- Assist the Agency in upgrading gages, communication, and SCADA equipment as necessary. Replacement of three sensors is proposed in 2020;
- Development of official streamflow and reservoir storage data, including the annual USGS streamflow records for the MFP;
- Survey the accuracy of gage levels as required per USGS operational procedures;

- Assistance with the monthly winter snowpack surveys in cooperation with the California Department of Water Resources Cooperative Snow Survey Program.

FISCAL IMPACT:

Funding for this not to exceed \$735,000 agreement will come from Power Division Operating Budget within the Department of Power Services. There are sufficient funds within the 2020 Power Division Operating Budget for this agreement, and the future years' funding shall be addressed in the Agency's annual budget process.

M E M O R A N D U M

TO: Board of Directors

FROM: Joseph H. Parker, CPA,
Director of Financial Services

DATE: January 6, 2020

RE: Office Furniture Purchase for Drinking Water Operations

RECOMMENDATION:

Approve the purchase of office furniture from KBM Hogue using U.S. Communities cooperative purchasing contract #4400003404 in an amount not to exceed \$38,427.

BACKGROUND:

In October 2019, the Drinking Water Operations division underwent an evaluation for efficiency and effectiveness as it pertains to its organizational structure. During this evaluation, it was determined that a shift in staff alignment was necessary. To support the organizational changes, minor structural enhancements to the office building located at 185 Ferguson Road were required to ensure that the Operational Technology, Drinking Water Maintenance, Distribution Operations, and Drinking Water Compliance units had adequate work area for staff. Though much of the existing office furniture will be used in the newly designed work and storage areas, a need for additional office furniture has been identified.

The Agency anticipates purchasing new office furniture manufactured by Knoll from KBM Hogue using U.S. Communities cooperative purchasing contract #4400003404. Cooperative purchasing contracts provide governmental entities such as the Agency, with the "buying power" of multiple governmental entities throughout the United States through a competitively solicited and publicly awarded contract process consistent with applicable procurement laws and regulations. This method of purchasing offers low, competitively priced goods and services often with additional warranties and favorable terms and conditions not otherwise available at these

prices.

FISCAL IMPACT:

Funding for this not to exceed \$38,427 purchase will come from Water Division, Operations Budget, Routine Capital within the Department of Technical Services.

MEMORANDUM

TO: Board of Directors

FROM: Jay L'Estrange, Director of Power Generation Services
R. Brent Smith, Director of Technical Services

DATE: December 13, 2019

RE: Middle Fork Project, Penstock Coupling Repair Project, Award of Contract
2019-04

RECOMMENDATION:

Award Construction Contract No. 2019-04 to Bayview Engineering and Construction Co. Inc. for the Middle Fork Project, Penstock Coupling Repair Project to complete welding and metallurgy repairs to select steel couplings in the amount of \$1,376,403.

BACKGROUND:

In 2018, PCWA undertook an investigation effort to evaluate the metallurgic composition of all bolted-sleeve-type couplings along the three primary penstocks in the Middle Fork Project. Engineering consultants Structural Integrity and Black & Veatch both contributed to the coupling testing. This investigation was conducted after an identical type and vintage of penstock coupling manufactured by Dresser Inc. experienced a sudden failure at a hydroelectric project in California, and resulted in an uncontrolled release of high pressure water. The initial failure occurred in 2008, and subsequent studies and testing procedures were developed for other agencies to be utilized in the evaluation of similar couplings.

The results from the initial investigation found four couplings on penstocks at the Middle Fork and Ralston powerhouses showing indications of weld characteristics exceeding acceptable limits. As a result, the Agency completed design and prepared specifications to repair the couplings in order to mitigate the risk of failure. On November 8th, 2019, the Agency received the following two competitive bids for the work:

- Bayview Engineering and Construction - \$1,376,402.31
- NMI Industrial - \$1,664,273.00

The bids were reviewed and Bayview Engineering and Construction Co. Inc. was determined to meet all qualifications. The contractor's license and experience have been evaluated and are in good standing. If awarded at this time, the contractor will begin work in February 2020 and likely complete construction in November 2020.

FISCAL IMPACT:

	Middle Fork	Ralston
Project-to-Date Budget	\$750,000	\$1,201,052
Additional Funding Request	0	0
Subtotal Budget	<u>750,000</u>	<u>1,201,052</u>
Less Project-to-Date Expenses and Encumbrances	<u>65,609</u>	<u>486,979</u>
Available in Project Budget (current)	\$684,391	714,073
Combined Available Project Budget (current)		<u>1,398,464</u>
Less Proposed Action		<u>1,376,403</u>
Total Available in Project Budget (proposed)		<u><u>\$ 22,061</u></u>

Funding for this project comes from the Power Division Capital Projects. There are sufficient funds within the combined project budgets to cover award of this contract and all other anticipated costs through the completion of the contract.

M E M O R A N D U M

TO: Board of Directors

FROM: R. Brent Smith, Director of Technical Services

DATE: January 7, 2020

RE: Letter Agreement with Sacramento Suburban Water District

RECOMMENDATION:

Approve a Letter Agreement with Sacramento Suburban Water District, modifying an existing Agreement for a Water Supply for Groundwater Stabilization by reducing their annual entitlement from 12,000 acre-feet to 8,000 acre-feet in calendar-year 2020.

BACKGROUND:

The Agency has an existing Agreement for a water supply for groundwater stabilization with Sacramento Suburban Water District, executed in June 2000 and amended twice since then. The Agreement provides for PCWA to make an annual entitlement of 12,000 acre-feet available to the District each year for their conjunctive use program in stabilizing groundwater levels. The District may also request additional water up to 29,000 acre-feet. The District must pay for the 12,000 acre-feet whether they use it or not (take-or-pay amount), otherwise surrender it in accordance with terms of the Agreement.

The District and PCWA have recently initiated good-faith discussions on further amendments to the Agreement, including a possible reduction in the take-or-pay amount to 8,000 acre-feet annually and other terms sought by PCWA. Negotiating these matters is encroaching on the time for the District to schedule deliveries for 2020. Given that PCWA is seeking enhancements to the Agreement and that the District is a critical partner in use of PCWA water supplies, it is appropriate to offer the reduced take-or-pay amount for 2020 ahead of completing negotiations.

Staff has prepared the attached Letter Agreement reducing the 2020 take-or-pay amount to 8,000 acre-feet.

FISCAL IMPACT:

Reducing the take-or-pay amount to 8,000 acre-feet would reduce Agency Wide Water Sales (Long-term Contracted) revenue by an estimated \$147,760 based upon payment terms of the Agreement. The intent is to absorb this reduction without net impact to the annual budget, but the impact would be monitored throughout the budget year for potential need of reserves.

ATTACHMENTS:

Description	Upload Date	Type
Letter Agreement	1/7/2020	Backup Material



PLACER COUNTY WATER AGENCY
SINCE 1957

BOARD OF DIRECTORS

Gray Allen, District 1
Primo Santini, District 2
Mike Lee, District 3
Robert Dugan, District 4
Joshua Alpine, District 5

Einar Maisch, General Manager

BUSINESS CENTER

144 Ferguson Road
MAIL
P.O. Box 6570
Auburn, CA 95604

PHONE

(530) 823-4850
(800) 464-0030

WWW.PCWA.NET

January 16, 2020

Dan York
General Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite #100
Sacramento, CA 95821-5346

Subject: Letter Agreement to modify existing Agreement for a Water Supply for
Groundwater Stabilization

Dear Mr. York:

In June 2000, the Placer County Water Agency (PCWA) and Sacramento Suburban Water District (District) entered into an Agreement for a Water Supply for Groundwater Stabilization (Agreement). The Agreement was amended October 2, 2008 (Amendment No. 1) and again June 2, 2016 (Amendment No. 2). Pursuant to the Agreement, as amended, PCWA makes available to the District 12,000 acre-feet of untreated water from Folsom Reservoir each year, termed the "Sacramento Suburban Annual Entitlement," in which the District is required to pay for this amount or surrender it in accordance with terms of the Agreement (take-or-pay amount). The District and PCWA have recently initiated good-faith discussions on further amendments to the Agreement, including a possible reduction in the take-or-pay amount to 8,000 acre-feet annually and other terms sought by PCWA.

As the time to schedule delivery of water under the Agreement is fast-approaching, and given that good-faith negotiations on comprehensive amendments continue, and provided the District signs this Letter Agreement, PCWA hereby agrees to reduce the Sacramento Suburban Annual Entitlement (take-or-pay amount) to 8,000 acre-feet in calendar-year 2020. All other provisions of the Agreement remain unchanged and, unless further amended, the Sacramento Suburban Annual Entitlement (take-or-pay amount) will revert to 12,000 acre-feet in 2021 and continue therefrom.

If you have any questions or would like to discuss this matter, please feel free to contact Andrew Fecko.

Sincerely,

PLACER COUNTY WATER AGENCY

Robert Dugan
Chairman, Board of Directors

SACRAMENTO SUBURBAN WATER DISTRICT

_____ Date: _____

Print Name:

Print Title:

M E M O R A N D U M

TO: Board of Directors

FROM: Joseph H. Parker, CPA Director of Financial Services

DATE: January 7, 2020

RE: Adopt the Energy Risk Management Policy for use in 2020

RECOMMENDATION:

Approve **Resolution 20- __ Adopting the Energy Risk Management Policy** (attached) in the Agency's Personnel and Administrative Manual.

BACKGROUND:

The Agency's Energy Risk Management Policy is required to be reviewed and approved by the Board of Directors annually for use during that year. The Energy Risk Management Policy (ERM Policy) was last revised and adopted on October 17, 2019.

Staff has reviewed the existing ERM Policy and found no revisions are necessary. This policy is presented for the Board's consideration, with an associated resolution, for approval for the Agency's use during 2020.

ATTACHMENTS:

Description	Upload Date	Type
Resolution	1/7/2020	Backup Material
ERM Policy	1/7/2020	Backup Material

**RESOLUTION 20-__ OF THE BOARD OF DIRECTORS OF THE
PLACER COUNTY WATER AGENCY
ADOPTING THE ENERGY RISK MANAGEMENT POLICY**

WHEREAS, the Placer County Water Agency (Agency) Board of Directors (Board) last adopted the Agency's Energy Risk Management Policy in October 2019;

WHEREAS, the policy establishes an energy risk management framework including the organizational structure, process and objectives necessary to effectively identify, monitor, control, and report the risks associated with energy marketing activities;

WHEREAS, the policy also establishes trading and transacting authorities and guidelines including authorized products and transaction limits for energy market products;

WHEREAS, the policy is to be re-adopted by the Board of Directors annually for use during the year;

BE IT RESOLVED by the Board of Directors of the Placer County Water Agency that this Board hereby adopts the Energy Risk Management Policy to be included in the Agency's Personnel and Administration Manual as set forth in the attached.

This resolution was duly passed at a regular meeting of the Board of Directors of the Placer County Water Agency held on January 16, 2020, by the following vote on roll call:

AYES:

NOES:

ABSTAINED:

ABSENT:

Signed and approved by me after its passage this 16th day of January, 2020.

Robert Dugan, Chair of the Board
Placer County Water Agency

ATTEST:

Cheri Sprunck,
Clerk to the Board

Placer County Water Agency

Energy Risk Management Policy

Chapter 3, Article 14
of the Personnel and Administrative Manual

Section 3600

Initially Adopted: October 16, 2014

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Energy Risk Management Policy

OVERVIEW

Placer County Water Agency (Agency) is the owner and operator of the Middle Fork American River Hydroelectric Project (MFP, Middle Fork Project or Project) (FERC Project No. 2079), which has a rated capacity of 224 MW.

This Energy Risk Management Policy (ERM Policy) provides a framework for the prudent management of risks and delegation of authorities governing the Agency's energy transaction activities in the CAISO, bilateral and forward energy markets.

This ERM Policy identifies energy market risks and corresponding risk management objectives, and details key organizational control structures and policy matters, providing prudent risk management processes based upon sound energy risk management principles.

AUTHORITY

This ERM Policy operates under the authority of the Agency's Board of Directors and shall become effective upon approval of the Board.

Any amendments to this ERM Policy require the approval of the Agency's Board.

SCOPE

This ERM Policy applies to all energy marketing activities, which includes the purchase and sale of physical energy products and related financial instruments. This ERM Policy applies to all Agency employees and authorized agents engaged directly or indirectly in transactions involving MFP energy products.

This ERM Policy summarizes the Agency's risk management framework to consistently and comprehensively apply risk management and internal control practices to risks encountered in its business.

PURPOSE

The purpose of this ERM Policy is to formally establish an Energy Risk Management Program, and document the organizational structure utilized by the Agency to maximize energy product revenue in recognition of the risk inherent in California's energy markets.

Energy Risk Management Policy

MFP ENERGY RISK MANAGEMENT OBJECTIVES

- Market Risk Management Objectives: Understand, prioritize and manage inherent California energy market risk factors:
 - Identify, evaluate and track risk factors;
 - Minimize uncertainty regarding operational reliability, internal coordination and water supply; and
 - Engage in energy product transactions via participation in authorized markets with authorized strategies.
- Control Objectives:
 - Mitigate operational risk through coordination and investment policies that seek to maximize generation availability and operational flexibility;
 - Mitigate transactional risk by monitoring compliance with the Agency's Energy Risk Management Policy, Strategies and Procedures; and
 - Mitigate regulatory risk by monitoring all regulatory agencies for potential changes that may affect MFP performance, developing adaptation strategies, as needed.

GENERAL AND POTENTIAL RISKS

The energy risk management process involves the identification, evaluation, and management of energy marketing risks, and is comprised of six key energy risk elements: identification, measurement, monitoring, control, reporting and corrective action. Subsequent sections of this ERM Policy, coupled with associated energy marketing strategies and procedures, provide guidance for each aspect of the risk management process.

The effectiveness of this ERM Policy in managing energy risk will be systematically reviewed and, when appropriate, modified through the Board approval process.

Energy market risks addressed in this ERM Policy are: Energy Price Volatility and Liquidity, Counterparty Credit Exposure and Contractual Performance, MFP Operational Performance, and Regulatory, Legislative and Market Rule Changes.

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Descriptions and management techniques for each element are as follows:

Energy Price Volatility and Liquidity Risk

- Description: The price of energy products in CAISO, bilateral and forward markets can be unpredictable and volatile. Extended periods of low energy prices can expose the Agency to outcomes inconsistent with the Agency's financial objectives, while periods of elevated prices offer the opportunity to lock-in attractive value and revenue through bilateral and/or forward sales.
- Risk Management Techniques:
 - Invest in maximizing the physical generation capability, operational flexibility, and reliability of the MFP;
 - Invest in best practice hydrological and forecast information, optimizing the available fuel (i.e. water) supply;
 - Develop and implement an energy marketing strategy that leverages MFP generation, attributes and ancillary service capabilities;
 - Remain abreast of all market rules to maximize opportunities via appropriate bid strategies;
 - Develop and implement bilateral and/or forward energy market strategies that maximize MFP revenue, while adhering to prudent risk management techniques; and
 - Maintain high levels of coordination among MFP marketing, operations, and finance staff, enabling timely market responses to favorable energy prices and/or unanticipated outages.
- Description: Illiquidity and lack of price transparency in CAISO, bilateral and forward energy markets may lead to sub-optimal prices for MFP energy products.
- Risk Management Techniques:
 - Maintain capabilities to sell a range of MFP energy products in multiple markets;
 - Develop access to multiple counterparties;
 - Develop fundamental energy market outlooks; and
 - Access real-time product price data through third parties, energy trading platforms, price reports and/or other sources, as necessary, to assess market prices.

Energy Risk Management Policy

Counterparty Credit Exposure and Contractual Performance Risk

- Description: Exposure to economic loss resulting from counterparty non-performance or default on their financial obligations to the Agency.
- Risk Management Techniques:
 - Establish and maintain credit criteria for all counterparties; and
 - Actively monitor Agency exposures to each counterparty, ensuring that aggregate Agency obligations and exposures are within pre-established limits.

MFP Operational Performance Risk

- Description: The risk the Agency defaults on its contractual obligations to a counterparty, potentially exposing the Agency to lost revenue and/or penalties.
- Risk Management Techniques:
 - Manage the Agency's financial exposure to performance risk using contractual tools (e.g. unit contingent obligations);
 - Require active engagement between Agency marketing and operations staff, ensuring timely communication and a mutual understanding of MFP operational capabilities and contractual obligations;
 - Access bilateral and forward markets to preserve options to quickly resolve outstanding obligations;
 - Invest in best practice hydrological and forecast information to optimally dispatch the available water supply; and
 - Have access to adequate financial reserves in order to manage the impact of performance interruptions.

Regulatory, Legislative and Market Rules Risk

- Description: The risk that regulatory and/or legislative actions adversely impact MFP operations and/or the marketing of MFP energy and energy related products.
- Risk Management Techniques:
 - Monitor regulatory proceedings and legislative initiatives impacting the MFP;
 - Where appropriate, participate in regulatory or legislative proceedings to mitigate adverse impacts to the MFP, and to advance outcomes favorable to the Project;

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- Collaborate with similarly situated merchant power generators to mitigate the impacts of regulations and/or legislation adverse to the Project, and to promote and/or support regulations and legislation favorable to the MFP;
- Monitor and participate in CAISO Market Initiatives; and
- Undertake routine internal review of bidding and optimization strategies in light of dynamic regulatory and market conditions.

GOVERNANCE AND ORGANIZATION STRUCTURE

The risk governance structure follows a top-down approach whereby the Board of Directors considers and adopts an ERM Policy establishing objectives, organizational structure, authority and guidelines, implemented by the General Manager and his/her designated staff.

This ERM Policy sets forth distinct roles and responsibilities, and establishes controls and procedures to be implemented by designated staff to ensure the adequate functioning of the risk management control environment.

Appendix E provides an organizational chart summarizing structure and functionality within this Energy Risk Management Policy.

The principles of good risk management policy embodied herein shall be emphasized throughout all aspects of the Agency's energy marketing business.

At the operational level, marketing activities and risk monitoring activities shall be separated to ensure sufficient and appropriate checks and balances between these functions, such that oversight of energy transactions is independent of marketing activities.

Formal delineation and delegation of authority are required and shall clearly define the permissions granted to employees and agents making decisions and taking actions on behalf of the Agency.

Board of Directors

The Board of Directors is responsible for considering and approving the ERM Policy.

Energy Risk Management Policy

General Manager

The General Manager shall:

- Implement this ERM Policy, including enforcement of the risk management organizational structure outlined herein, and oversee the development of procedures for the administration of the energy risk management program;
- Authorize individuals (employees or agents) to execute energy marketing transactions on behalf of the Agency;
- Ensure there is a clear separation of duties and activities among and between (a) the Energy Risk Oversight Committee, (b) the Front Office, (c) the Middle Office and Back Office;
- Adopt or reject energy marketing strategy recommendations endorsed by the Energy Risk Oversight Committee;
- Review the effectiveness of this ERM Policy; and
- Undertake actions as necessary to resolve issues with ERM Policy compliance.

Front, Middle and Back Office Functions

Based on industry best practices, the responsibilities of the Front Office and Middle/Back Offices shall be separate business functions (i.e. transacting and monitoring/settlement functions). Appropriate segregation of duties should be established and maintained throughout the system of controls over financial and operational risks. However, based on the nature and volume of transaction activity, the Middle and Back Office functions may be performed by the same departmental personnel. Within the Agency, energy marketing and risk oversight shall be performed by departmental personnel as outlined below and further detailed in the Procedures documents.

- **Front Office** – The Front Office is primarily responsible for resource planning, market assessment, energy marketing, and revenue optimization, which includes identifying and developing energy marketing opportunities and strategies for consideration by the Energy Risk Oversight Committee and General Manager. The Front Office is also responsible for implementing approved strategies and advancing the Agency’s goal of maximizing MFP revenue, while transacting within the authorized limits.

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- **Middle Office** – The Middle Office institutes, supervises, and reviews all energy risk monitoring activities, is responsible for reporting to the GM and Energy Risk Oversight Committee on energy risk management issues, and provides recommendations when changes in policy or operating procedures are warranted.
- **Back Office** – The Back Office is responsible for invoice settlements, transaction recording, bookkeeping and accounting, and contract administration.

Energy Risk Oversight Committee

The Agency's General Manager shall establish an Energy Risk Oversight Committee ("ROC") to serve in an advisory capacity to the General Manager. The ROC shall be a management level committee tasked with assisting the General Manager in evaluating and monitoring energy risk management processes, controls, functions, implementation and compliance with this ERM Policy, as well as sharing knowledge and information.

ROC membership shall be comprised of the following four Agency staff:

- Director of Financial Services (Chairman)
- Director of Energy Marketing
- Director of Strategic Affairs
- Director of Power Generation Services

Outside advisors with specific expertise in energy risk or performance metrics, energy marketing best management practices, energy marketing strategies, forward markets and forward trading, or similar relevant expertise may be approved by the General Manager to participate in the ROC.

The ROC shall meet, at a minimum, each quarter or more often as opportunity or need dictates.

The ROC has no authority to act independently. Its role is to monitor, investigate and report compliance with the ERM Policy. The ROC shall report to the General Manager.

In its function, the ROC shall:

- Review the Agency's risk exposures.
- Review operational performance metrics and operational outlooks as they relate to energy marketing;

Energy Risk Management Policy

- Review marketing strategies developed by the Agency's energy marketing team and, where appropriate, recommend those strategies to the General Manager;
- Review risk exposure control, monitoring and reporting procedures and requirements;
- Review the internal control infrastructure supporting this ERM Policy and ensure it provides adequate risk oversight and compliance;
- Assess the adequacy and functioning of system controls supporting energy marketing risk assessment, measurement, and compliance regarding this ERM Policy;
- Receive and review risk management reports prepared by staff regarding the Agency's compliance with the ERM Policy, including deviations, exclusions, exceptions and violations;
- Review the Agency's ERM Policy annually and make recommendations to the General Manager;
- Ensure that energy marketing and risk management staff have the necessary training, skills, abilities, and experience to execute their duties;
- Review bilateral contract provisions (e.g. unit contingency, Force Majeure, payments, material adverse change, financial margining, etc...) for the sale of energy products and make recommendations to the General Manager;
- Review potential counterparties for bilateral transactions and make recommendations to the General Manager;
- Review and recommend credit limits for each counterparty to the General Manager; and
- Review the overall effectiveness of energy risk controls in accordance with this ERM Policy, recommending improvements, as appropriate, to the General Manager.

Director of Energy Marketing

The Director of Energy Marketing shall:

- Be responsible for managing Front Office activities;

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- Undertake the daily administration and management of marketing the Agency's energy products in accordance with this ERM Policy;
- Develop and maintain a resource (hydrology) plan, summarizing projected monthly energy and energy-related attribute sales for the then current water year, and fundamental energy market outlooks;
- Identify and develop energy marketing strategies for consideration by the ROC and GM;
- Maintain regular communication with Operational staff, exchanging information regarding MFP operations and maintenance and the Agency's energy market obligations;
- Maintain regular communication with the Middle Office regarding marketing activities (such as new transactions, new products, counterparty positions, credit and risk exposures, and updated price curves);
- Maintain regular communication with the Back Office regarding energy price settlements, invoice true-ups, and dispute resolution;
- Ensure all transactions are captured in the designated deal-entry system timely and accurately;
- Mitigate the Agency's energy market financial exposures using contractual tools to minimize risk;
- Develop multiple counterparties for energy trades, and ensure new energy related contracts are reviewed by Risk Management, Finance and Legal;
- Report periodically to the ROC, General Manager or Board of Directors regarding energy marketing performance and strategies;
- Proactively disclose to the ROC any material issues that arise in the course of business that encroach on ERM Policy restrictions, or involve significant risk; and
- Monitor regulatory proceeding and legislative initiatives and engage legal counsel when appropriate. Collaborate with other power generators to mitigate the impacts of regulations, while monitoring and participating in CAISO Market Initiatives.

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Director of Financial Services

The Director of Financial Services shall:

- Manage Middle and Back Office activities;
- Administer and manage the energy risk management program;
- Serve as Chairman of the ROC;
- Acquire and implement an energy deal capture system (designated system), supporting deal entry and risk reporting to maintain a system of records of all energy transactions;
- Develop counterparty risk tolerances, and establish and maintain criteria for counterparties credit limits, including monitoring exposure;
- Establish and maintain an active financial review process for all counterparties;
- Review all energy contract vehicles (i.e. WSPP, EEI, ISDA, etc...) prior to execution;
- Maintain regular communication with the Front Office regarding energy trading activities;
- Provide reports to the ROC, General Manager and Board of Directors regarding adherence to this ERM Policy; and
- Proactively disclose to the ROC any material issues that arise in the course of business that encroach on the ERM Policy restrictions, or carry material implications for the effective administration of the energy risk management program.

Director of Power Generation Services

The Director of Power Generation Services shall:

- Manage operation and maintenance of the MFP generation assets;
- Maintain regular communication with the Front Office regarding MFP current and forthcoming operations, operational availability, and planned maintenance that could impact the Agency's energy market obligations;
- Provide analysis of the MFP's operational reliability as information for the ROC; and

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- Provide recommendations for increasing the MFP's operational capacity and reliability as it may impact energy marketing activities.

MARKETING AND TRANSACTING AUTHORITY AND GUIDELINES

Energy marketing activities shall be limited to the products, quantities, and term limits specified below and in Appendix C.

General Transacting Guidelines

Agency staff and authorized agents shall comply with this ERM Policy, all applicable CAISO tariff sections, protocols and procedures, applicable counterparty credit limits, and the provisions of bilateral contracts executed with counterparties for transactions in forward markets.

All bilateral transactions shall only be executed with approved counterparties using standard contract vehicles (i.e. WSPP, EEI, ISDA, etc...) with appropriate energy risk management provisions in favor of the Agency.

All energy marketing financial transactions shall conform to the terms and limits specified within this ERM Policy, and/or be in accordance with energy marketing strategies adopted by the General Manager.

Counterparty Credit Risk

Energy transactions shall only be executed with contractually enabled counterparties, within the credit limits established by the Director of Financial Services and approved by the General Manager.

Authorized Personnel

Only personnel/agents authorized by the General Manager pursuant to a written "Delegation of Authority Form" (Appendix B) can negotiate, transact and execute transactions on behalf of the Agency in wholesale energy markets.

When authorized, the General Manager's Delegation of Authority Form shall be provided to the Director of Financial Services for appropriate monitoring.

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Authorized Products and Limitations

The Agency may only transact in the energy-market products listed in Appendix C.

Permissible Financial Transaction Instruments and Limits

Permissible instruments and limits (including quantity, dollar, and term) for forward marketing shall be specified in Forward Energy Marketing Strategy proposals presented to the ROC and General Manager.

Term Limits for all products

The term or duration of sale of authorized energy products per Appendix C of this ERM Policy, shall be in accordance with the limits detailed in Appendix D of this ERM Policy.

Prohibited Products and Transactions

The following transactions are prohibited:

- Any transaction prohibited by Federal and/or State laws and regulations;
- The sale or purchase of financial options not backed by physical generation;
- The sale of energy not backed by physical generation;
- Transactions with unapproved counterparties and with counterparties where approved credit limits have been or will be exceeded;
- Transactions involving products, quantities and durations not specifically authorized by this ERM Policy; and
- The sale or purchase of energy and related products that obligate the Agency for a period of time greater than five years from the date of the agreement.

REPORTING

The General Manager shall establish standard reporting protocols to keep the Board of Directors, ROC and staff with responsibilities in energy risk management apprised.

STANDARDS OF CONDUCT

In accordance with this ERM Policy and California law, personnel involved in transacting and oversight of energy marketing, contract negotiation, and risk management, may not participate in decisions in which they have a financial conflict of interest. General Manager, Front Office Personnel, and ERMC members are required to complete, on an annual basis, the Form 700

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Disclosure forms and submit these forms to the Agency Clerk to the Board. Each staff member engaged in energy transactions, risk management or energy operations has the sole responsibility of identifying and reporting any potential conflict of interest, and ensuring that he or she does not participate in decisions when a financial conflict of interest exists. If the employee has a reportable interest, it is their responsibility to disclose the interest and inform their supervisor of the potential conflict. Supervisors should ensure employees are not involved in a decision-making capacity with respect to any of their reportable interest. Annually, employees involved in transacting and oversight of energy marketing, contract negotiation, and risk management shall complete the Compliance Statement (attached in **Appendix A**) acknowledging review of the ERM Policy and compliance with its processes, terms and limitations.

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Appendix A – Compliance Statement

Compliance Statement

I, the undersigned employee hereby acknowledge receipt and review of Agency’s Energy Risk Management Policy dated _____ (the “ERM Policy”).

I further acknowledge that this ERM Policy defines the process of Agency’s energy risk management efforts, I understand those processes and shall comply with those ERM Policy products, processes, terms and limits.

If I become aware of non-compliance or any potential non-compliant situation with the ERM Policy, either directly or indirectly, I will report such noncompliance or any potential non-compliance situation to any member of the ROC, other than my direct supervisor, and to the Director of Financial Services.

Signature

Type or Print Name

Title

Date

Annually, this form is required to be completed and submitted to the Director of Financial Services for regulatory filing.

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Appendix B – Energy Marketing Delegation of Authority Memorandum

Energy Marketing Delegation of Authority Memorandum

By means of this memorandum, I, the General Manager of Placer County Water Agency (Agency), delegate authority, to the extent provided below, to negotiate, transact and execute on behalf of the Agency in wholesale energy markets.

Name

Title

Effective ***date as of General Manager's signature below***, the aforementioned individual, while serving in said position is hereby authorized to negotiate, transact and execute on behalf of the Agency into the CAISO wholesale and bilateral energy markets:

Buy Bilateral Forward Energy	Sell Bilateral Forward Energy
Buy Physical Day-Ahead Energy	Sell Physical Day-Ahead Energy
Buy Physical Real-Time Energy	Sell Physical Real-Time Energy
Buy Resource Adequacy Capacity	Sell Resource Adequacy Capacity
Schedule Ancillary Service Products	Sell Carbon Free Energy
Sell Renewable Energy Credits	

Requisition Submitted:

Name [Requesting Official – Department Head]

Title

Acknowledged and agreed:

Name [Delegate]

Title

Approved:

General Manager Signature

Date

Upon execution, this authorized form shall be provided to the Director of Financial Services.

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Appendix C – Approved Energy Transaction Products

- Resource Adequacy Capacity and other capacity attributes:

This product is contracted on a term basis with qualified counterparties.
- Renewable Energy Credits:

This product is contracted on a term basis with qualified counterparties.
- Carbon Free Credits:

This product is contracted on a term basis with qualified counterparties.
- Physical Day-Ahead and Real-Time Energy Sales scheduled through the CAISO:

Transaction quantities shall not exceed the transmission or operations constrained generation potential of each MFP generator that is separately bid into the CAISO wholesale energy market.
- Physical Day-Ahead and Real-Time Energy Purchases scheduled through the CAISO:

For any given time hour, purchases shall be limited to the quantity of energy that has been awarded in the CAISO Day-ahead market, or that has been sold in a bilateral forward transaction.
- Ancillary Service Products scheduled through the CAISO:

Any type and level of Ancillary Service product that is within the safe operating range of the generating unit and is consistent with the CAISO Tariff conditions and operating protocol.
- Bilateral Forward transactions:

Shall be conducted in accordance with the forward energy marketing strategy adopted by the General Manager.

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Appendix D – Energy Marketing Product Limits

The Middle Fork Project Finance Authority has delegated to PCWA the authority to enter into short term agreements for the sale of energy and related products created by the Middle Fork Project, where short term is defined as a period not exceeding five years from the date of the agreement. The purpose of this delegation was to facilitate the regular conduct of business. Long term agreements for the sale of energy and related products, exceeding five years, must be approved by the Middle Fork Project Finance Authority Board of Directors.

The PCWA Board of Directors has delegated to its General Manager, or his designee, the authority to enter into short term agreements for the sale of energy and related products created by the Middle Fork Project. The purposes of this delegation are to facilitate the regular conduct of business.

The PCWA General Manager may delegate to the Director of Energy Marketing, and his staff, the authority to enter into agreements for the sale of energy and related products created by the Middle Fork Project, as detailed in the matrix below.

The following matrices summarizes the authorized personnel and product limits:

		Transaction Limits (up to)			
Title	Product	Deliver Lead Time	Term	MW Size	Price
PCWA Board of Directors	Resource Adequacy/Capacity	No Limit	Up to 60 months	≤ MFP Capacity Rating	No Min/Max
	Renewable Energy Credits	No Limit	Up to 60 months	≤ MFP R.E.C. Rating	No Min/Max
	Carbon Free Energy Certificates	No Limit	Up to 60 months	≤ MFP Annual Carbon Free Output	No Min/Max

		Transaction Limits (up to)			
Title	Product	Deliver Lead Time	Term	MW Size	Price
General Manager	Resource Adequacy/Capacity	No Limit	Up to 60 months	≤ MFP Capacity Rating	No Min/Max
	Renewable Energy Credits		Up to 60 months	≤ MFP R.E.C. Rating	No Min/Max

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	Carbon Free Energy Certificates		Up to 60 months	≤ MFP Annual Carbon Free Output	No Min/Max
	Bilateral Forward Transactions		Up to 60 months	< MFP Capacity <u>Rating</u>	No Min/Max

		Transaction Limits (up to)			
Title	Product	Deliver Lead Time	Term	MW Size	Price
Director of Energy Marketing	CAISO Day Ahead Energy Sales	As Required by CAISO	≥ 1 Hour	≤ Available MFP MWs	CAISO Price Cap
	CAISO Day Ahead Energy Purchases	As Required by CAISO	≥ 1 Hour	≤ Bilateral Forward transaction	CAISO Price Cap
	CAISO Day Ahead Ancillary Services	As Required by CAISO	≥ 1 Hour	≤ Available MFP Ancillary Service MWs	CAISO Price Cap
	CAISO Real Time Energy Sales	As Required by CAISO	≤ 1 Hour	≤ Available MFP MWs	CAISO Price Cap
	CAISO Real Time Energy Purchases	As Required by CAISO	≤ 1 Hour	≤ Day Ahead Energy Sales	CAISO Price Cap
	CAISO Real Time Ancillary Services	As Required by CAISO	≤ 1 Hour	≤ Available MFP Ancillary Service MWs	CAISO Price Cap
	Resource Adequacy/Capacity	No Limit	≤ 365 days	≤ MFP Capacity Rating	No Min/Max
	Renewable Energy Credits	No Limit	≤ 365 days	≤ MFP R.E.C. Rating	No Min/Max
	Bilateral Forward transactions	No Limit	≤ 365 days	< MFP Capacity <u>Rating</u>	No Min/Max
	Carbon Free Energy Certificates	No Limit	≤ 365 days	≤ MFP Annual Carbon Free Output	No Min/Max

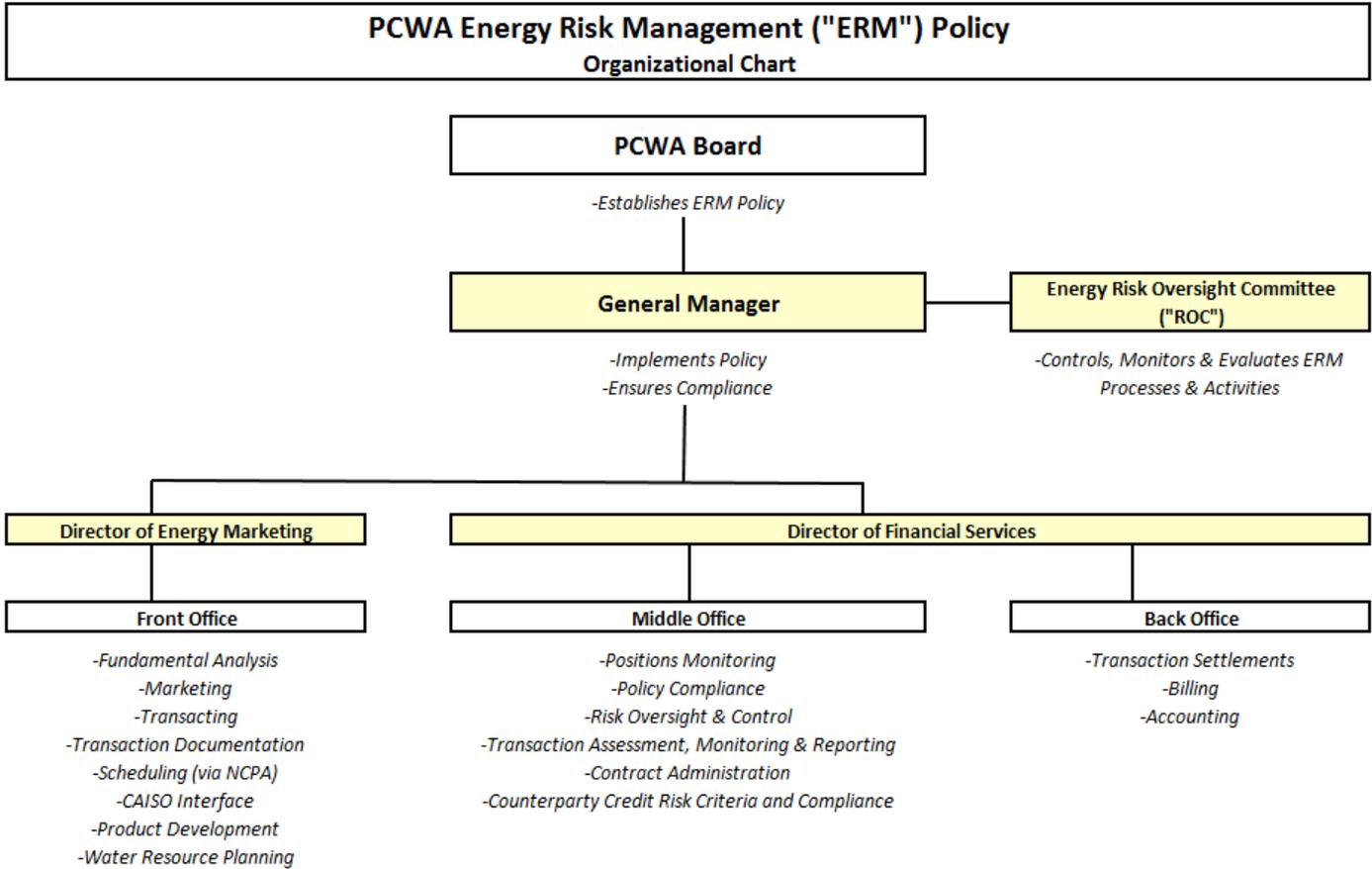
Placer County Water Agency

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Title	Product	Transaction Limits (up to)			
		Deliver Lead Time	Term	MW Size	Price
Energy Marketing Manager	CAISO Day Ahead Energy Sales	As Required by CAISO	≥ 1 Hour	≤ Available MFP MWs	CAISO Price Cap
	CAISO Day Ahead Energy Purchases	As Required by CAISO	≥ 1 Hour	≤ <u>Bilateral Forward transaction</u>	CAISO Price Cap
	CAISO Day Ahead Ancillary Services	As Required by CAISO	≥ 1 Hour	≤ Available MFP Ancillary Service MWs	CAISO Price Cap
	CAISO Real Time Energy Sales	As Required by CAISO	≤ 1 Hour	≤ Available MFP MWs	CAISO Price Cap
	CAISO Real Time Energy Purchases	As Required by CAISO	≤ 1 Hour	≤ Day Ahead Energy Sales	CAISO Price Cap
	CAISO Real Time Ancillary Services	As Required by CAISO	≤ 1 Hour	≤ Available MFP Ancillary Service MWs	CAISO Price Cap
	Resource Adequacy/Capacity	No Limit	≤ 90 days	≤ MFP Capacity Rating	≥ \$1.25 kw/Month
	Renewable Energy Credits	No Limit	≤ 90 days	≤ MFP R.E.C. Rating	≥ \$10 Mw/Hour
	Bilateral Forward transactions	No Limit	≤ 90 days	< MFP Capacity <u>Rating</u>	No Min/Max
	Carbon Free Energy Certificates	No Limit	≤ 90 days	≤ MFP Annual Carbon Free Output	≥ \$.50 Mw/Hour

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Appendix E – PCWA Energy Risk Management Organizational Structure



M E M O R A N D U M

TO: Board of Directors

FROM: Jay L'Estrange, Director of Power Generation Services

DATE: January 8, 2020

RE: Report on the Status of Resolution 20-02 Declaring an Emergency for the Middle Fork American River Project

RECOMMENDATION:

Reaffirm by a 4/5th vote a continuing state of emergency and continued actions authorized under Resolution 20-02, authorizing the Agency to enter into contract to protect, access, inspect, and repair Middle Fork American River Project property and facilities.

BACKGROUND:

The Director of Power Generation Services will report to the Board on the status of actions taken pursuant to Resolution 20-02, which declares and acknowledges the existence of an emergency and authorizes the Agency to enter into contracts to protect, access, inspect, and repair Middle Fork American River Project property and facilities.

The Agency has an existing General Services Agreement with TCB Industrial, Inc. (TCB). The Agency has assigned a Task Order to TCB in the amount of \$161,918 to perform the coupling repair.

The work to repair the Middle Fork Powerhouse Penstock Coupling No. 26 is scheduled to start on February 3, 2020, which is the earliest start date due to parts availability and delivery.

M E M O R A N D U M

TO: Board of Directors

FROM: Ryan Cline, Director of Energy Marketing

DATE: January 8, 2020

RE: January 16, 2020, Energy Marketing Update Report

RECOMMENDATION:

Information only, no action required.

BACKGROUND:

Staff will provide a presentation to review 2019 Middle Fork Project energy market fundamentals and their associated impacts on 2019 revenue. This presentation will also report on 2020 revenue forecast.

ATTACHMENTS:

Description	Upload Date	Type
January 16 2020 Energy Marketing Report 01-16-20	1/8/2020	Backup Material



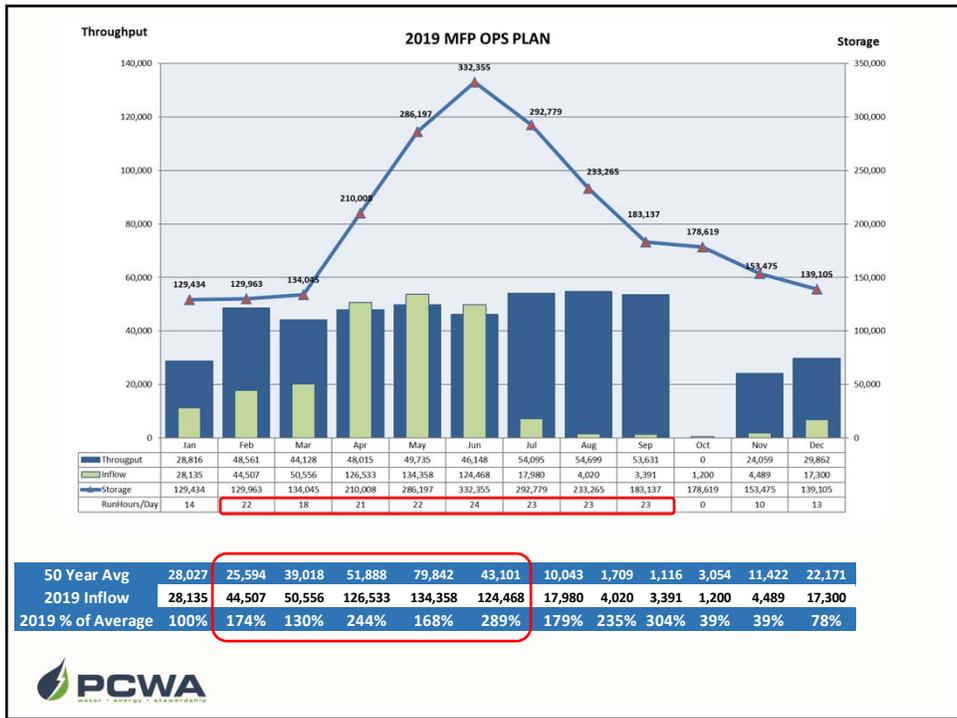
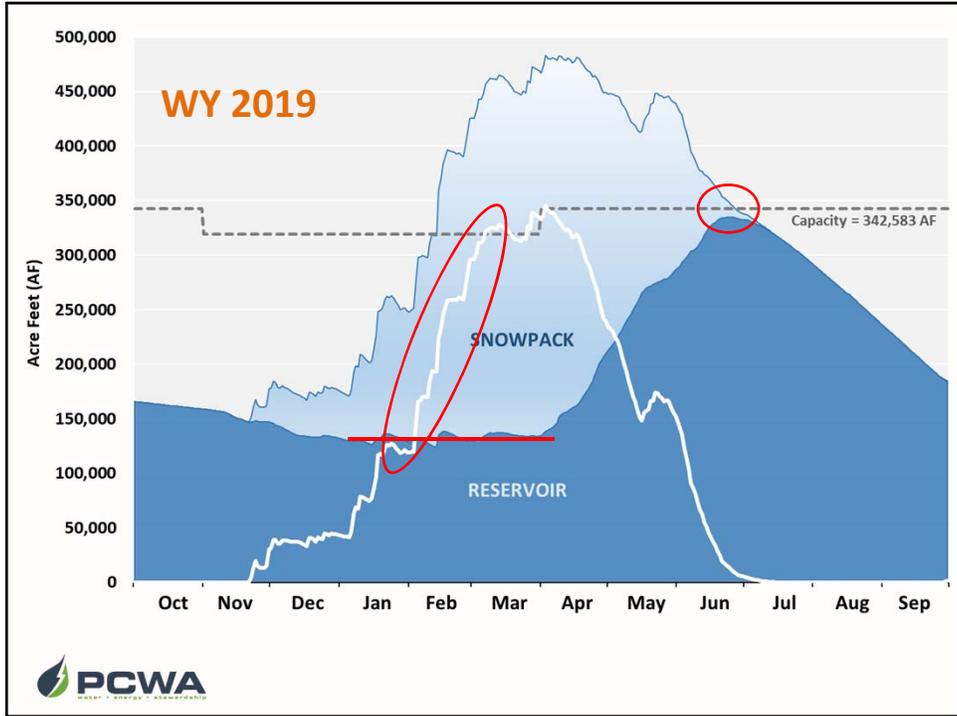
Energy Marketing Report

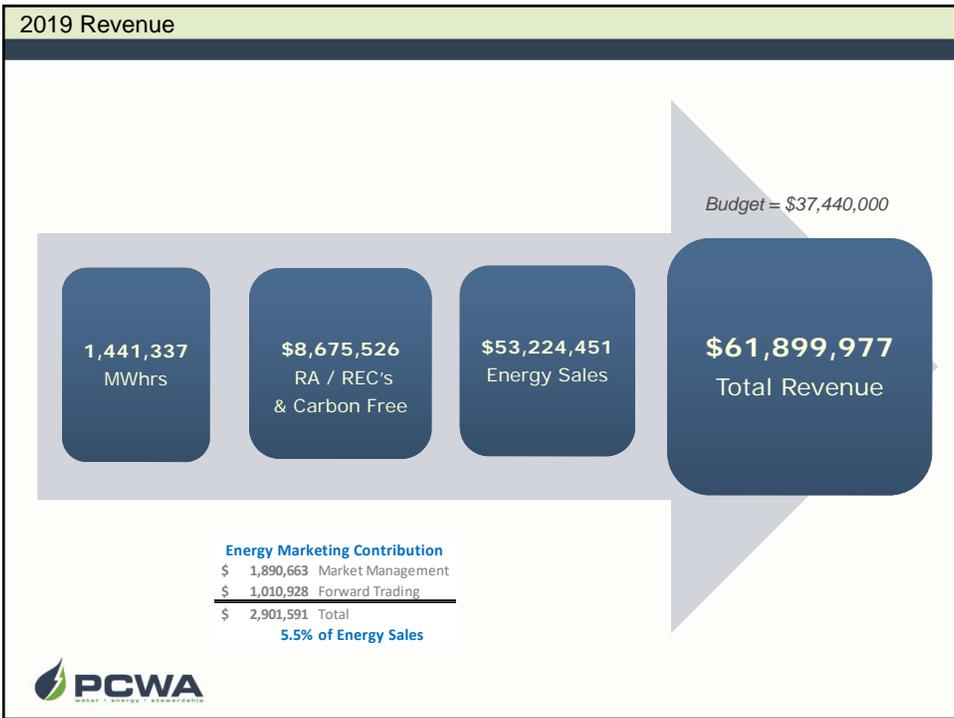
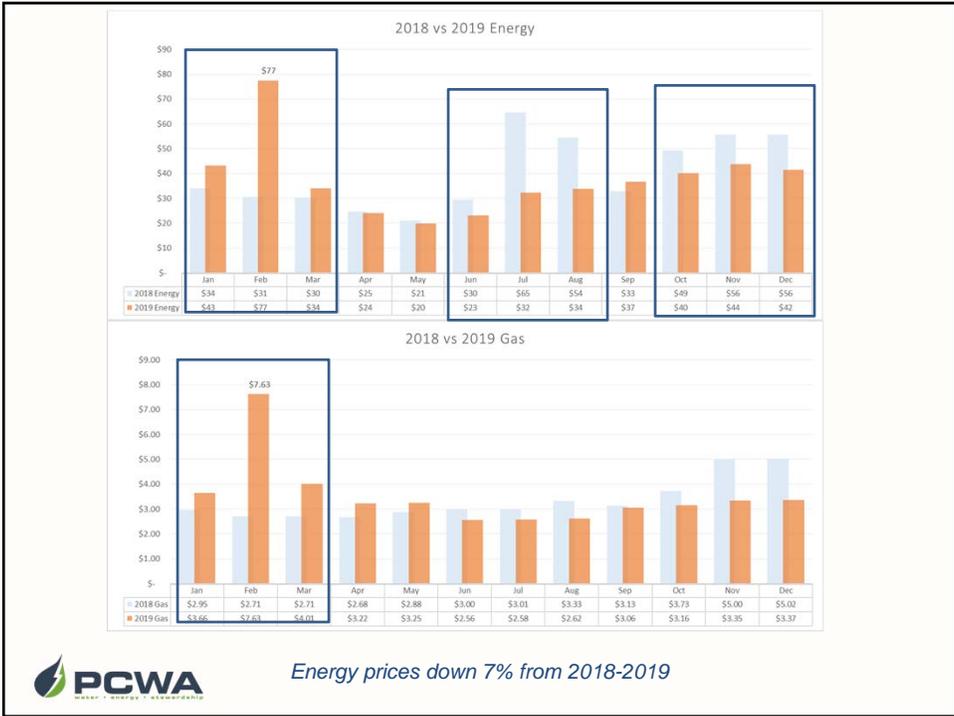
January 16, 2020



2019







2020



2020 Energy Contracts

Resource Adequacy (100% subscribed)

• **\$5,628,304**

Renewable Energy Credits

• **\$1,225,000**

Carbon Free Energy

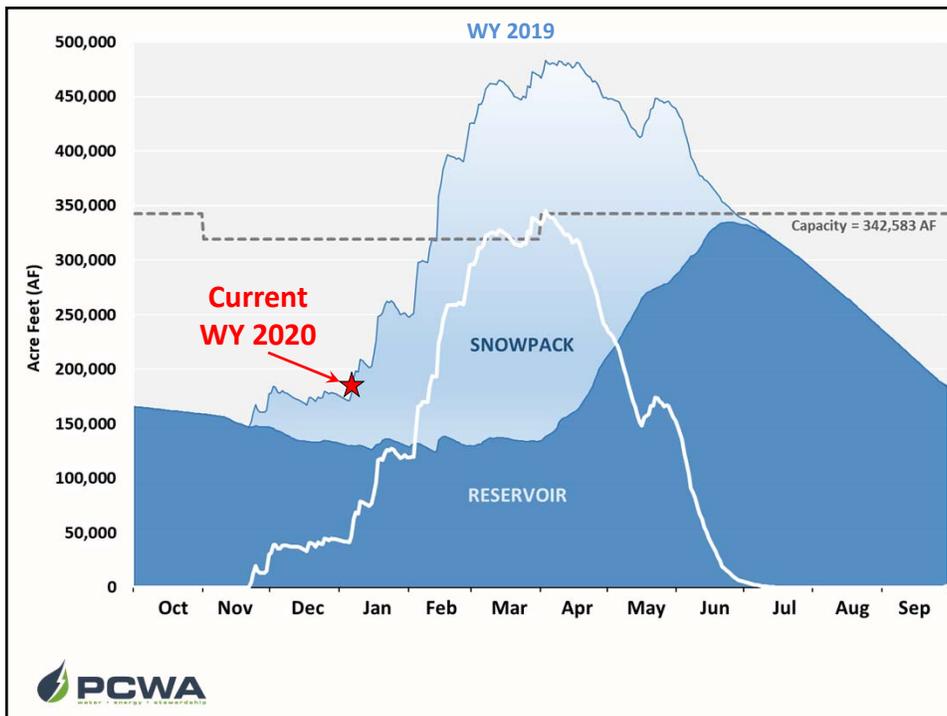
• **\$640,000**

Energy Contracts Total Revenue

• **\$7,493,304**



2020 Revenue Forecast



M E M O R A N D U M

TO: Board of Directors

FROM: Andrew Fecko, Director of Strategic Affairs

DATE: January 8, 2020

RE: French Meadows Forest Restoration Project 2019 Operations

RECOMMENDATION:

Information only, no action required.

BACKGROUND:

Staff has been moving forward to implement the French Meadows Forest Restoration Project (Project). Much of this 22,000-acre area is part of the Middle Fork Project. The Project has a projected four years of on-the-ground forest treatments managed by Placer County and several years of prescribed fire managed by the Tahoe National Forest (TNF).

The Project was developed by a diverse partnership, including the U.S. Forest Service, Placer County, Placer County Water Agency, The Nature Conservancy, the Sierra Nevada Conservancy, and the Sierra Nevada Research Institute at UC Merced, with American River Conservancy on 6,000 adjacent private acres and funded separately. Current funding for public lands, including partner funding, grant agreements and timber/biomass revenue agreements for the first four years of operations, has been obtained. The Middle Fork Project Finance Authority budget has an approved \$1,000,000 towards the completion of this Project.

DISCUSSION:

Placer County staff has hired and monitored local companies to implement the Project, under the supervision of the TNF, during 2019. Over 1,000 acres of forest were treated and 18 miles of road improvements were performed to stabilize erosion conditions, making the recreational experience more appealing and to ultimately

protect the region from the risk of catastrophic wildfire.

ATTACHMENTS:

Description	Upload Date	Type
MFPFA FM Forest Restoration Project Update	1/8/2020	Backup Material



French Meadows Forest Restoration Project

2019 Operations Review

2020 Operations Approval

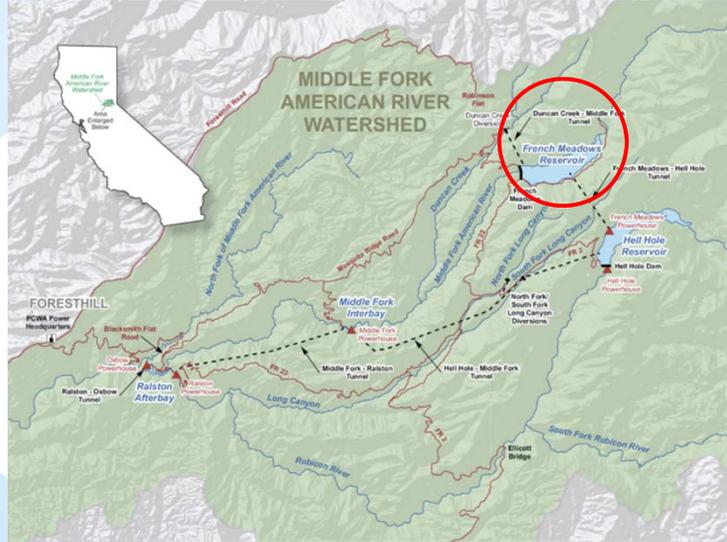
**Placer County/USFS
Partnership**

**French Meadows Forest Restoration
Project**

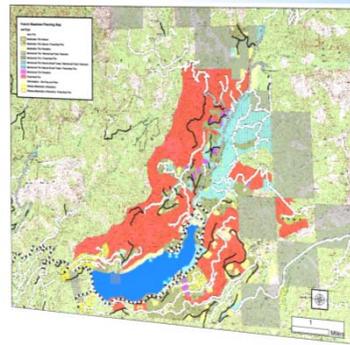
- BOS approved a Master Stewardship Agreement (MSA) with TNF in 2018
- BOS approved a Supplemental Project Agreement (SPA) with TNF in 2018 including nearly \$2,000,000 USFS in funding for the French Meadows Project
- BOS approved MSA SPA Modification #1 in 2019 to authorize Placer County to perform operations
- BOS approved multiple contracts for 2019 Operations
- Todays Update on 2019 Operations
- Todays request is to approve MSA SPA Modification #3 for 2020 operations



French Meadows Location



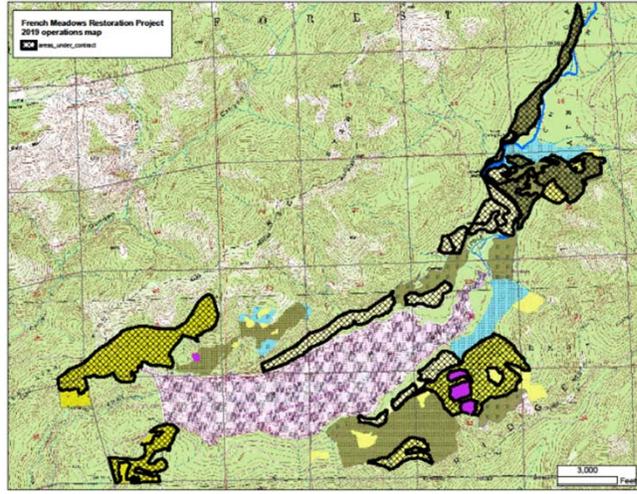
French Meadows Project



- 22,000 acres Public land at top of watershed
- Partnership including Placer County, Placer County Water Agency (PCWA), United States Forest Service (USFS), The Nature Conservancy, the Sierra Nevada Conservancy and UC Merced.
- Four years on-the-ground mechanical/hand work via a Master Stewardship Agreement (MSA) with Tahoe National Forest another several years of prescribed fire.
- Remove and utilize Timber & Biomass
- Supports another 10,000 acres of private checkerboard land undergoing thinning operations.

French Meadows Project 2019 Update

- 1,066 acres forest treatments
- Over 3 Million Board Feet of Timber
- Over 4,000 green tons of biomass
- 18 miles of road improvements
- Over 80 local contractors performing work
- Project layout, tree marking, and road engineering performed by another 10 local contractors



French Meadows Project 2019 Update

- Expenditures \$3,600,000 Forest Treatments, Road Work, Support Work
- Funding Sources \$3,600,000

\$1,715,000	CalFire Grant
\$650,500	SNC Grant
\$409,500	Timber Revenues
\$388,500	USFS Funds
\$242,500	NFWF Grant
\$142,500	Beverage Companies
\$51,500	MFP Funds

French Meadows Project 2019 Update

Over 440 acres of Mechanical Thinning & Hazard Tree Removal: *Robinson Enterprises*

Over 3 Million Board Feet of Timber

Over \$1,000,000 Revenue from Timber



French Meadows Project 2019 Update

Over 300 Acres of Mastication: *Volcano Creek Enterprises*



French Meadows Project 2019 Update

Over 225 acres of Hand Thinning & Chipping: Red Mountain Resources & California Conservation Corps



French Meadows Project 2019 Update

Over 100 acres of Recreational Campground Thinning: Tree MD



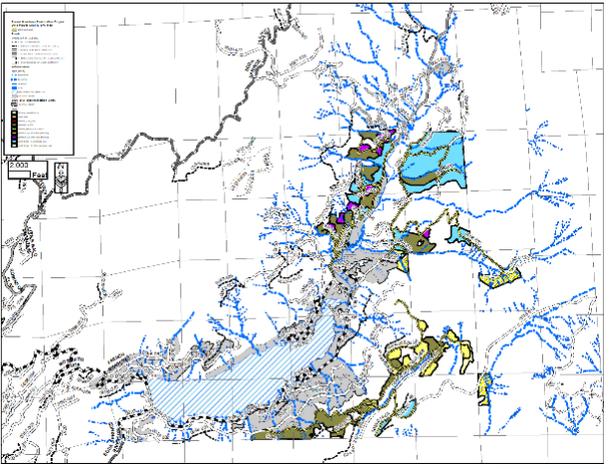
Over 4,000 acres
Planned and Marked:
Mason Bruce & Girard



French Meadows Project 2020 SPA Modification #3

SPA Overview of Operations

- Over 3,800 acres forest treatments
- Finish 2019 acres
- Reforestation acres
- Water study control treatments
- 9 Million Board Feet of Timber
- 15,000 green tons of biomass



French Meadows Project 2020

- Expenditures \$6,000,000 Forest Treatments, Road Work, Support Work
- Funding Sources \$6,000,000

\$3,500,000	Timber Revenues
\$1,208,000	CalFire Grant
\$375,000	MFP Funds
\$370,000	USFS Funds
\$349,500	SNC Grant
\$150,000	Biomass Revenues
\$47,500	Beverage Companies (possible to reach \$400,000)

