



**SAN BERNARDINO  
VALLEY** | A REGIONAL WATER  
AGENCY SINCE 1954

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**BOARD OF DIRECTORS WORKSHOP - POLICY/ADMINISTRATION  
2:00 pm Thursday, August 1, 2024**

**In Person:**

380 East Vanderbilt Way  
San Bernardino, CA 92408

**Online via Zoom:**

<https://sbvmwd.zoom.us/j/89386241472>

Meeting ID: 893 8624 1472

**PASSCODE: 3802020**

**By Telephone:**

Dial-in Info: (877) 853 5247 US Toll-free

Meeting ID: 893 8624 1472

**PASSCODE: 3802020**

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for the District's consideration by sending them to [comments@sbvmwd.com](mailto:comments@sbvmwd.com) with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by 6:00 p.m. on Wednesday, July 31, 2024. All public comments will be provided to the Board President and may be read into the record or compiled as part of the record.

**IMPORTANT PRIVACY NOTE:** Online participants **MUST** log in with a Zoom account. The Zoom app is a free download. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your "identifier" during the meeting and available to all meeting participants; there is no way to protect your privacy if you elect to call in to the meeting.



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**  
380 E. Vanderbilt Way, San Bernardino, CA 92408

**BOARD OF DIRECTORS' WORKSHOP - POLICY/ADMINISTRATION**  
**2:00 PM Thursday, August 1, 2024**

**CALL TO ORDER**

Chairperson: Director Botello, Vice-Chair: Director Kielhold

1) **INTRODUCTIONS**

2) **PUBLIC COMMENT**

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.

3) **DISCUSSION AND POSSIBLE ACTION ITEMS**

3.1 Quarterly Investment Portfolio Update with PFM Asset Management(20 min) - Page 3  
[Staff Memo - Quarterly Investment Portfolio Update with PFM Asset Management](#)  
[PFM Asset Management presentation on the District's investments through June 2024](#)

3.2 Consider Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon (20 min) - Page 26  
[Staff Memo - Consider Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon](#)  
[Resolution No. 1185](#)

3.3 Consider Resolution No. 1186 Designating an Updated Expenditure Authority to the CEO/ General Manager (20 min) - Page 29  
[Staff Memo - Consider Resolution No. 1186 Designating an Updated Expenditure Authority to the CEO/ General Manager](#)  
[Resolution No. 1186](#)  
[Track Changes Resolution No. 1186](#)

4) **REPORTS**

4.1 Committee Reports

5) **FUTURE BUSINESS**

6) **ADJOURNMENT**

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**DATE:** August 1, 2024  
**TO:** Board of Directors' Workshop – Policy/Administration  
**FROM:** Cindy Saks, Chief Financial Officer / Deputy General Manager  
**SUBJECT:** Quarterly Investment Portfolio Update with PFM Asset Management

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**Staff Recommendation**

Receive and file the quarterly portfolio update report from PFM Asset Management.

**Summary**

Richard Babbe, Senior Managing Consultant of PFM Asset Management will be available via the Zoom meeting to make a presentation on the status of the District's investments based on the current investment strategy.

**Background**

One of the specific tasks outlined by the Board is to meet quarterly with the investment advisor. The Board approved Investment Advisory services from PFM Asset Management and to continue with the investment strategy developed and adopted by the Board. Periodically over the years the Board has reviewed the investment strategy. On February 10, 2022, the board reviewed and directed staff to continue with the same investment strategy which provides greater portfolio diversity with a slightly longer average maturity while not increasing risk, all of which is in accordance with the District's investment policy.

**Fiscal Impact**

There is no fiscal impact to receive and file the quarterly investment report and reviewing the District's investment policy.

**Attachments**

- 1) PFM Asset Management presentation on the District's investments through June 2024

# San Bernardino Valley Municipal Water District

## Investment Performance Review For the Quarter Ended June 30, 2024

### Client Management Team

Monique Spyke, Managing Director  
James Sims, CFA, Managing Director  
Richard Babbe, CCM, Senior Managing Consultant

### PFM Asset Management LLC

633 W 5th St., 25th Floor  
Los Angeles, CA 90071  
949-230-6896

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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# Market Update

## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Moderating economic growth following two quarters of exceptional strength
  - ▶ Recent inflation prints resuming the path towards the Federal Reserve (Fed)'s 2% target
  - ▶ Labor markets continuing to show strength while unemployment has ticked up modestly
  - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation



- ▶ Federal Reserve pushes out rate cuts
  - ▶ Fed revises expectations from 3 rate cuts in 2024 to 1 by year end following a lack of progress in the fight against inflation
  - ▶ Market continues to expect 1 or 2 rate cuts in 2024
  - ▶ Fed officials note that the risks to its “dual mandate” of stable inflation and maximum employment are becoming more balanced



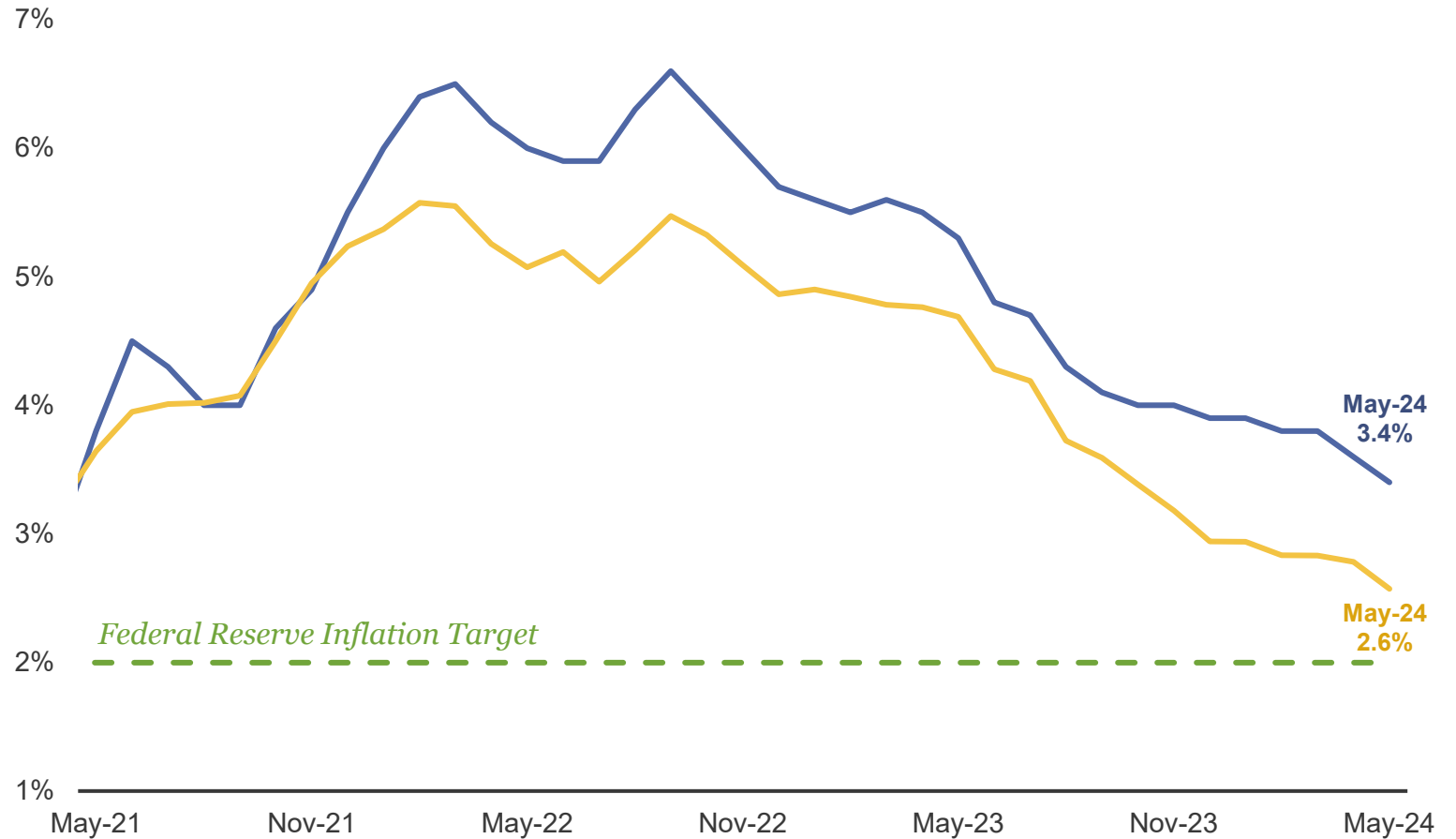
- ▶ Treasury yields increase in response to economic data over the quarter
  - ▶ Yields on maturities between 2 and 10 years rose 13-20 basis points during the quarter
  - ▶ The yield curve has now been inverted for 24 months, the longest period in history
  - ▶ Spreads across most sectors remain near multi-year tight and represent market expectations for a soft landing

## Fed's Preferred Inflation Measure Shows Progress

### Core Inflation Measures

Year-Over-Year Changes

— Core CPI — Core PCE



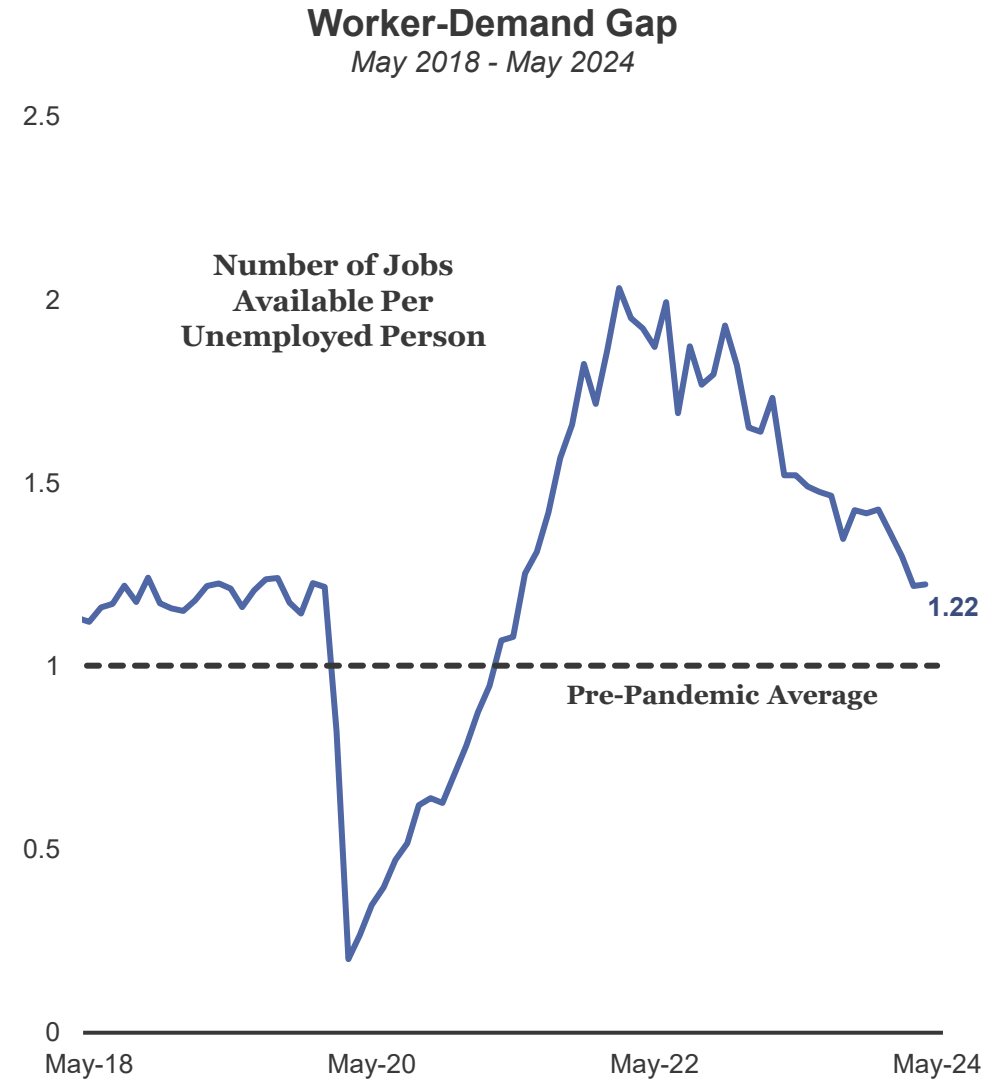
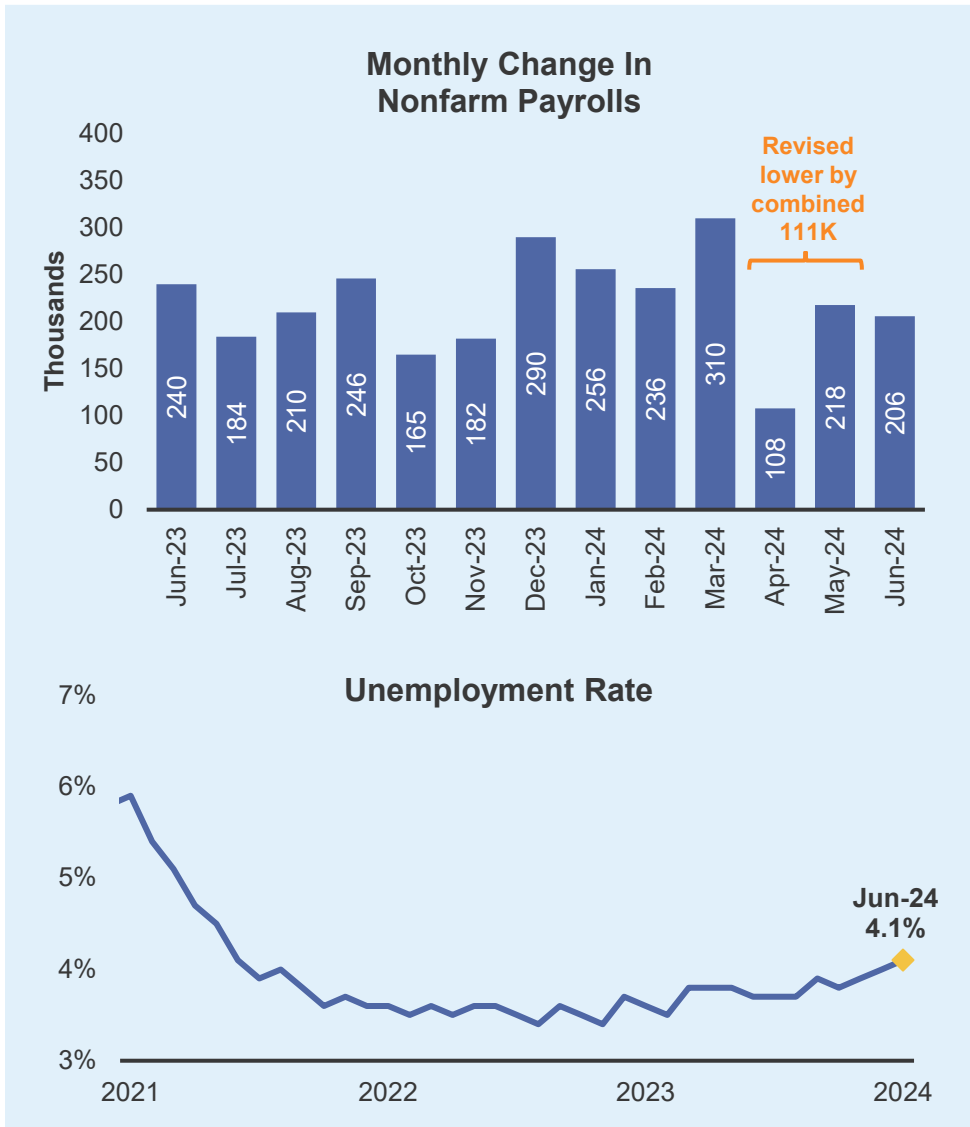
Core CPI and PCE strips out the volatile food and energy components.

*Federal Reserve Inflation Target*

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Bloomberg. As of May 2024.



### Labor Market Moves Into Better Balance



Source: Bloomberg, Bureau of Labor Statistics. Monthly change in nonfarm payrolls and unemployment rate as of June 2024. Data is seasonally adjusted (left). Worker demand gap as of May 2024. Pre-pandemic average from February 2016 – February 2020 (right).

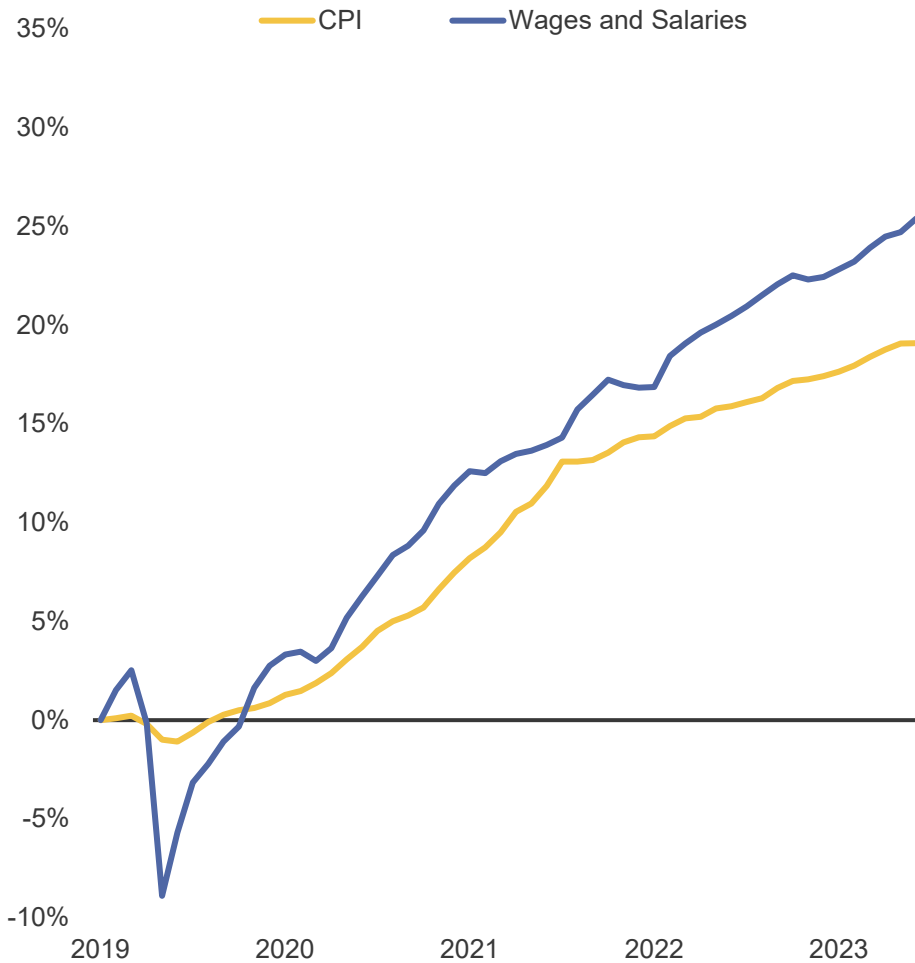
## Economic Incentive to Switch Jobs is Declining



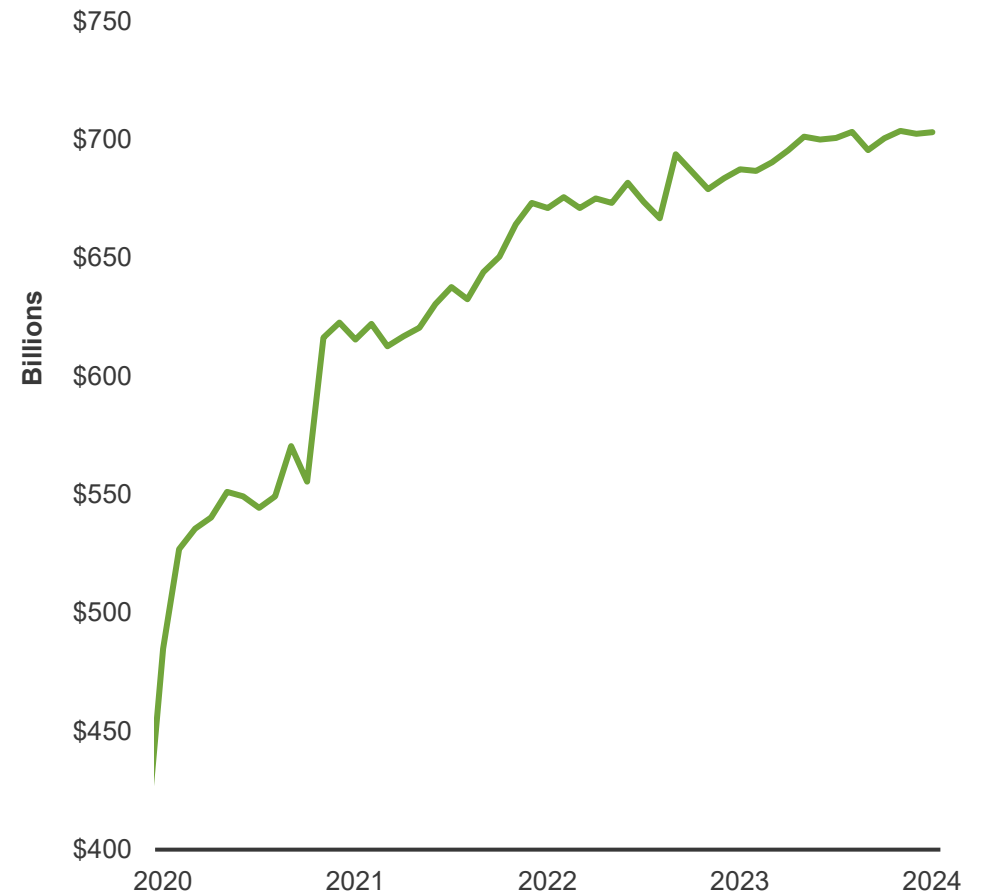
Source: Bloomberg, Federal Reserve Bank of Atlanta as of March 2024.

### The Consumer Moderates But Remains Well Positioned Given Strong Wage Growth

#### Percentage Change in Earnings and Inflation

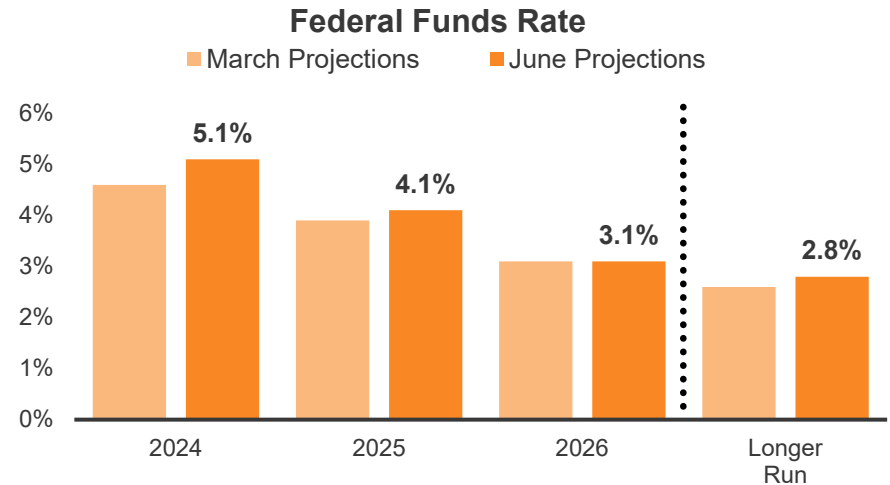
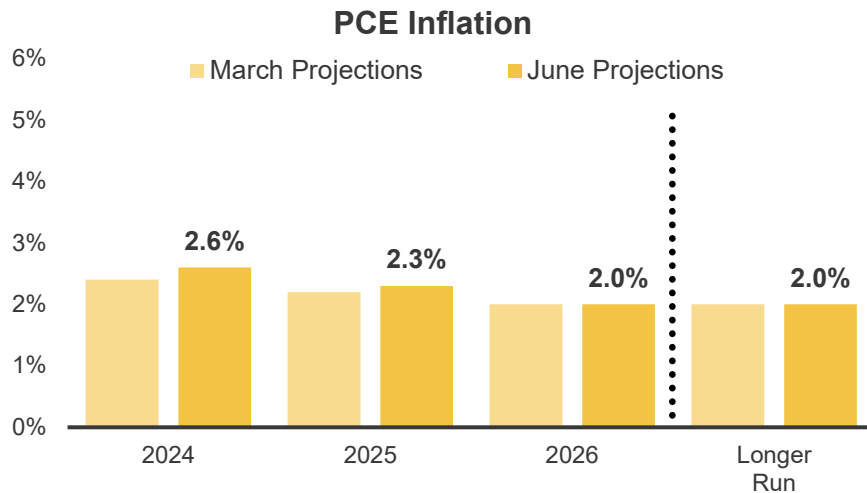
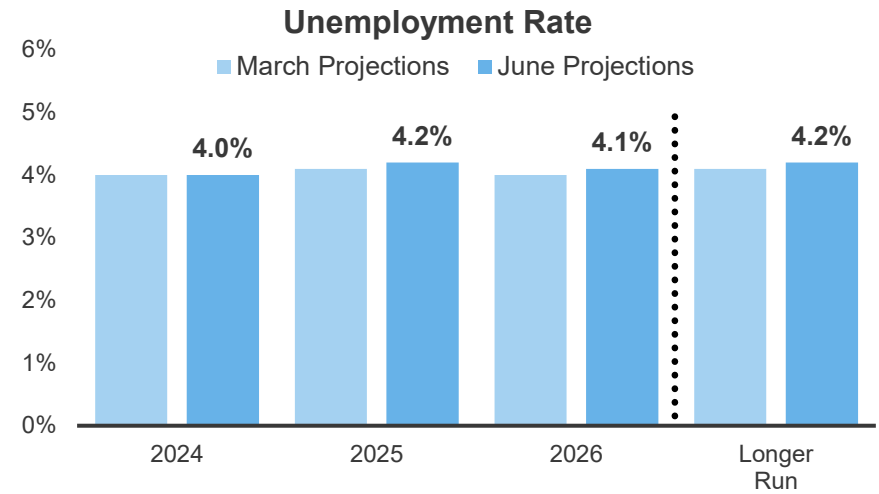
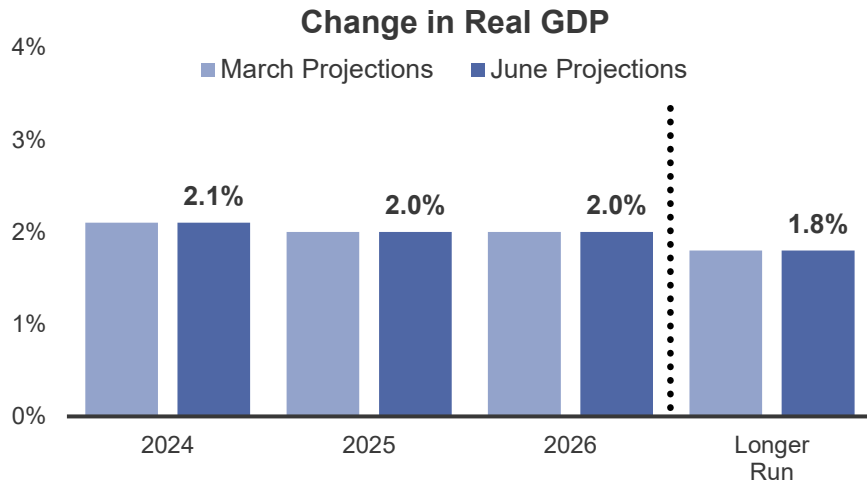


#### Retail Sales (Monthly)



Source: Bloomberg, U.S. Census Bureau, Bureau of Economic Analysis as of May 2024 (left). Bloomberg, U.S. Census Bureau as of May 2024 (right).

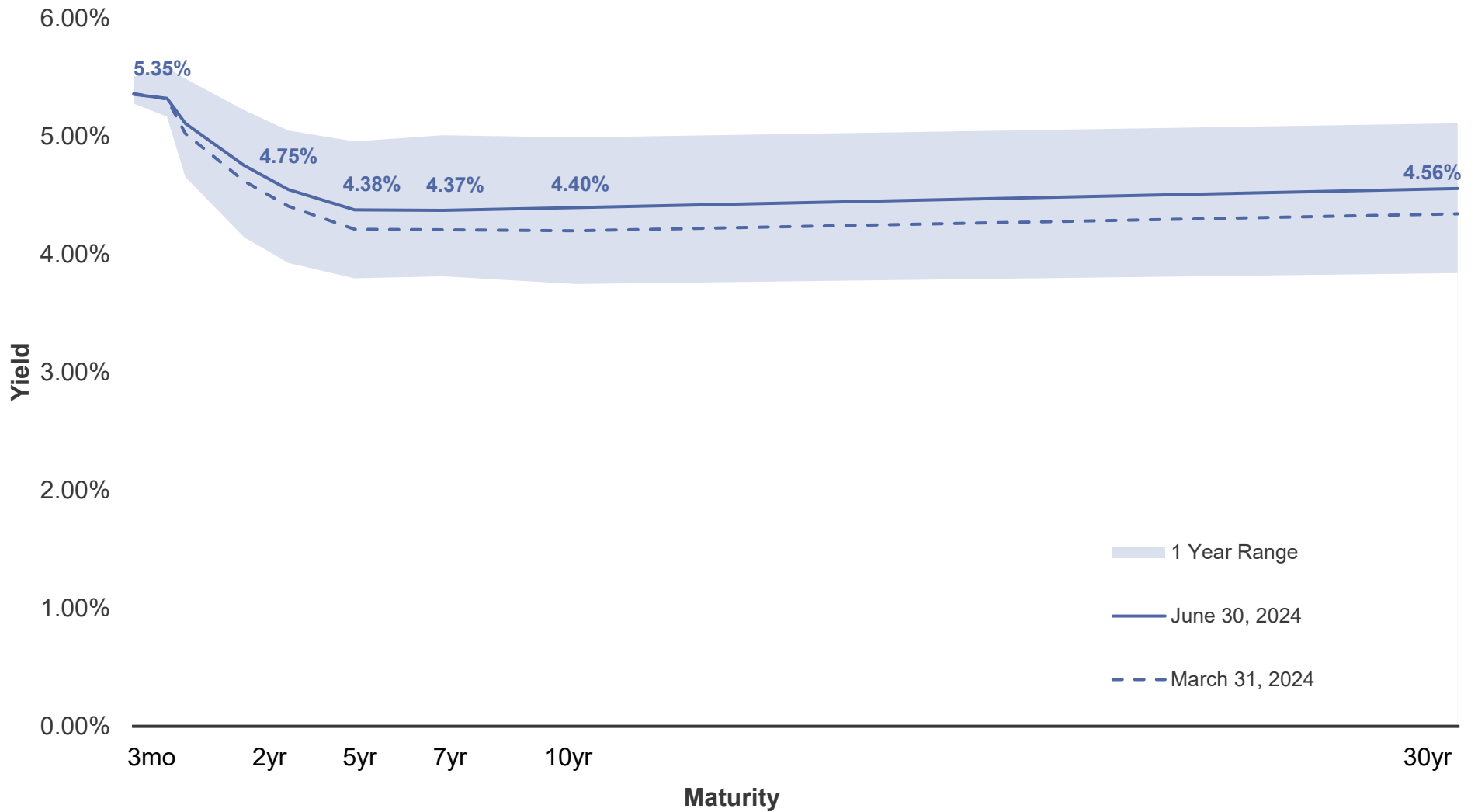
## Fed's Updated June Projections Reflect Stable Economic Expectations for 2024



Source: Federal Reserve, latest economic projections as of June 2024.

## Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations

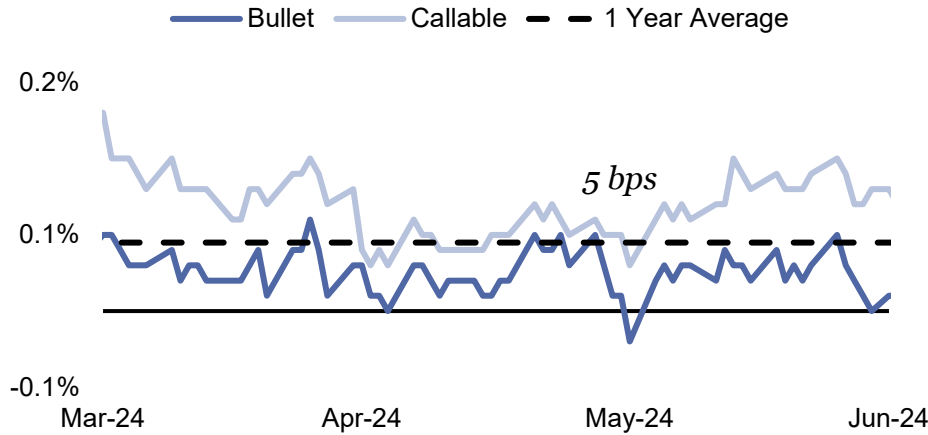
### U.S. Treasury Yield Curve



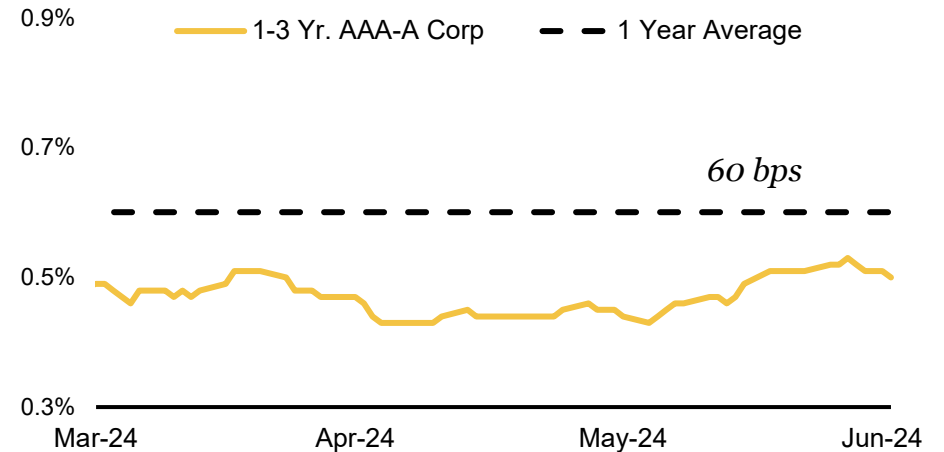
Source: Bloomberg, as of 6/30/2024.

## Sector Yield Spreads

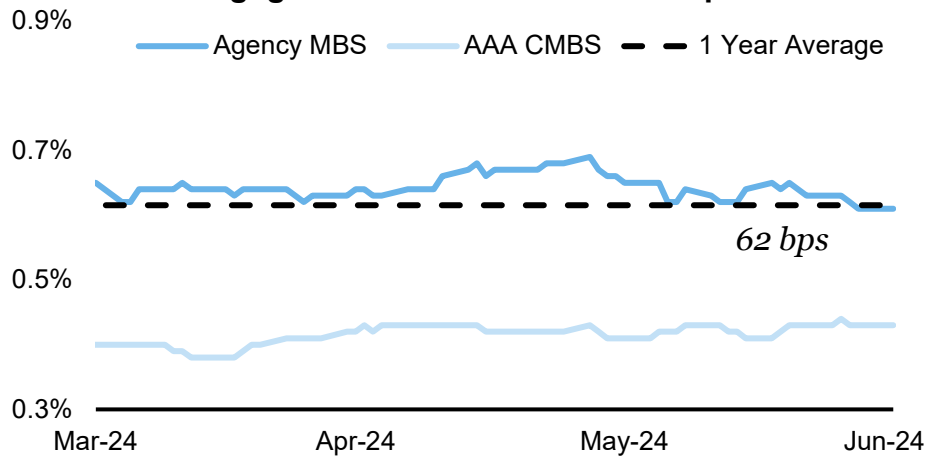
### Federal Agency Yield Spreads



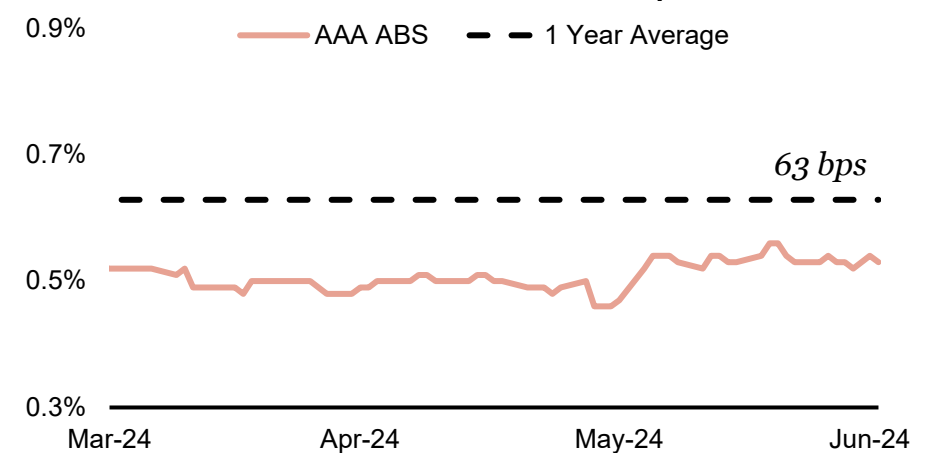
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads









### Asset-Backed Securities AAA Yield Spreads



Source: ICE BofA 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of June 30, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

## Factors to Consider for 6-12 Months

<p><b>Monetary Policy (Global):</b></p>  <ul style="list-style-type: none"> <li>• The Fed remains data dependent. Recent Fed guidance has been revised from three rate cuts to one rate cut in 2024. Markets currently expect one or two cuts.</li> <li>• Globally, major central banks have begun easing cycle with rate cuts leading to divergence from Fed policy.</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>• U.S. economic growth remains resilient but there has been some softness recently as consumer spending tapers.</li> <li>• Economic growth outside U.S. remain mixed with slower but improved growth projected in Eurozone and continued growth projected in emerging markets.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• The latest inflation reading has revived market confidence that inflation is heading in the right direction after experiencing broad disinflation across both goods and services.</li> <li>• Despite the progress on inflation, policymakers would like more data to confirm the downward trend.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Market measures, such as narrow corporate yield spreads, record equity index levels and low volatility, reflect economic confidence.</li> <li>• With interest rates elevated and the gradual normalization of labor markets and the consumer, we continue to focus on identifying potential catalysts for a broader slow down.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• The consumer has begun to exercise caution and limit spending, which has shed light on a notable downshift over recent months.</li> <li>• Moderation in the pace of overall spending is expected to continue given persistent inflation, reduced/lower savings, and a cooling job market.</li> </ul>	<p><b>Labor Markets:</b></p>  <ul style="list-style-type: none"> <li>• The labor market normalization has begun. After the pandemic-led jolt, the labor force participation rate and non-farm payrolls have moved to be in line with long-term averages.</li> <li>• With the quits rate and excess demand for workers reaching a better balance, this should help cool wage pressures and inflation.</li> </ul>

● Current outlook    ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (6/30/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

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# Account Summary



### Combined Portfolio - Sector Allocations

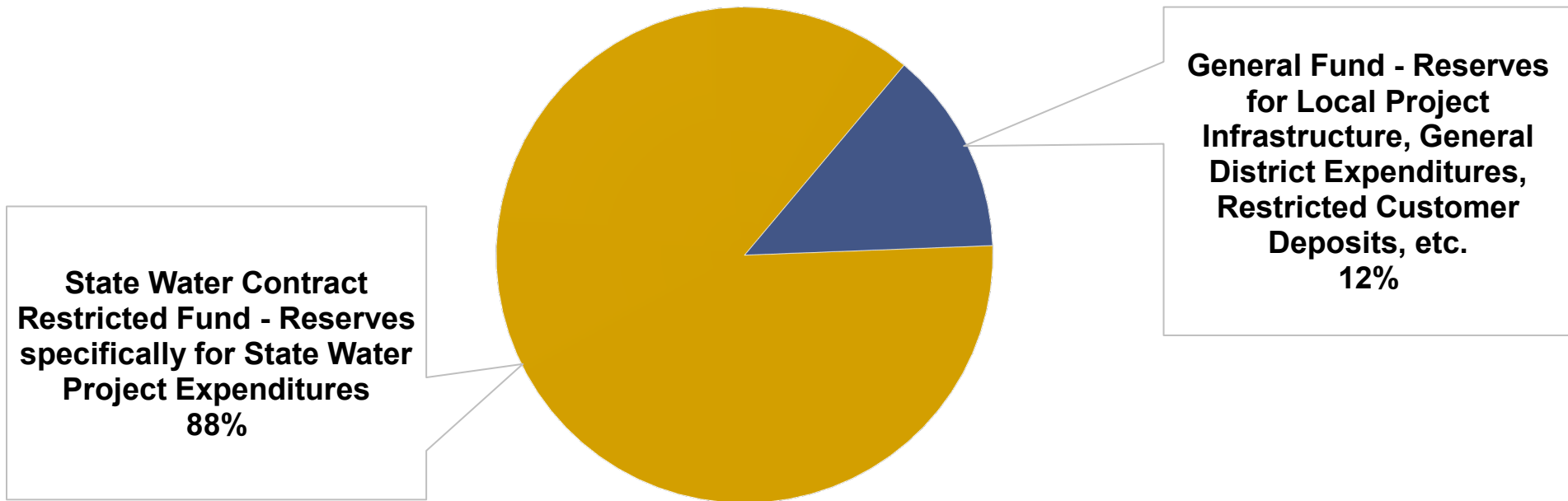
Security Type	Market Value as of March 31, 2024	% of Portfolio	Market Value as of June 30, 2024	% of Portfolio	% Change vs. 3/31/24	Sector Limits
U.S. Treasury	\$226,539,750	36.8%	\$225,338,013	34.1%	-2.6%	100%
Federal Agency	\$638,094	0.1%	\$639,230	0.1%	-	100%
Municipal	\$3,167,527	0.5%	\$3,182,390	0.5%	-	30%
Negotiable CDs	\$17,591,263	2.9%	\$18,592,348	2.8%	-	30%
Commercial Paper	\$5,857,336	1.0%	\$5,560,320	0.8%	-0.1%	40%
Corporate Notes	\$94,566,483	15.4%	\$97,931,807	14.8%	-0.5%	30%
<b>Securities Sub-Total</b>	<b>\$348,360,453</b>	<b>56.6%</b>	<b>\$351,244,107</b>	<b>53.2%</b>		
Accrued Interest	\$3,578,406		\$4,016,264			
<b>Securities Total</b>	<b>\$351,938,859</b>		<b>\$355,260,371</b>			
LAIF	\$70,394,942	11.4%	\$71,156,434	10.8%	-0.6%	\$75 Million
Money Market Fund	\$114,823	<0.1%	\$276,278	<0.1%	-	20%
CAMP	\$197,141,927	32.0%	\$237,340,841	36.0%	4.0%	50%
<b>Total Liquidity</b>	<b>\$267,651,692</b>	<b>43.4%</b>	<b>\$308,773,553</b>	<b>46.8%</b>		
<b>Total Investments</b>	<b>\$619,590,551</b>	<b>100.0%</b>	<b>\$664,033,924</b>	<b>100.0%</b>		

\* Note: The CAMP balance includes the proceeds of 2023A Project Fund, which are part of the General Fund.

**Combined Portfolio – Composition: By Fund**

<b>Fund</b>	<b>March 31, 2024</b>	<b>June 30, 2024</b>
General Fund*	\$78,882,635	\$81,235,279
State Water Contract Fund	\$540,707,917	\$582,798,645
<b>Total</b>	<b>\$619,590,551</b>	<b>\$664,033,924,</b>

**Combined Portfolio at 6/30/2024**



\* Note: The General Fund includes the proceeds of 2023A Project Fund, which are invested in CAMP.

## Certificate of Compliance

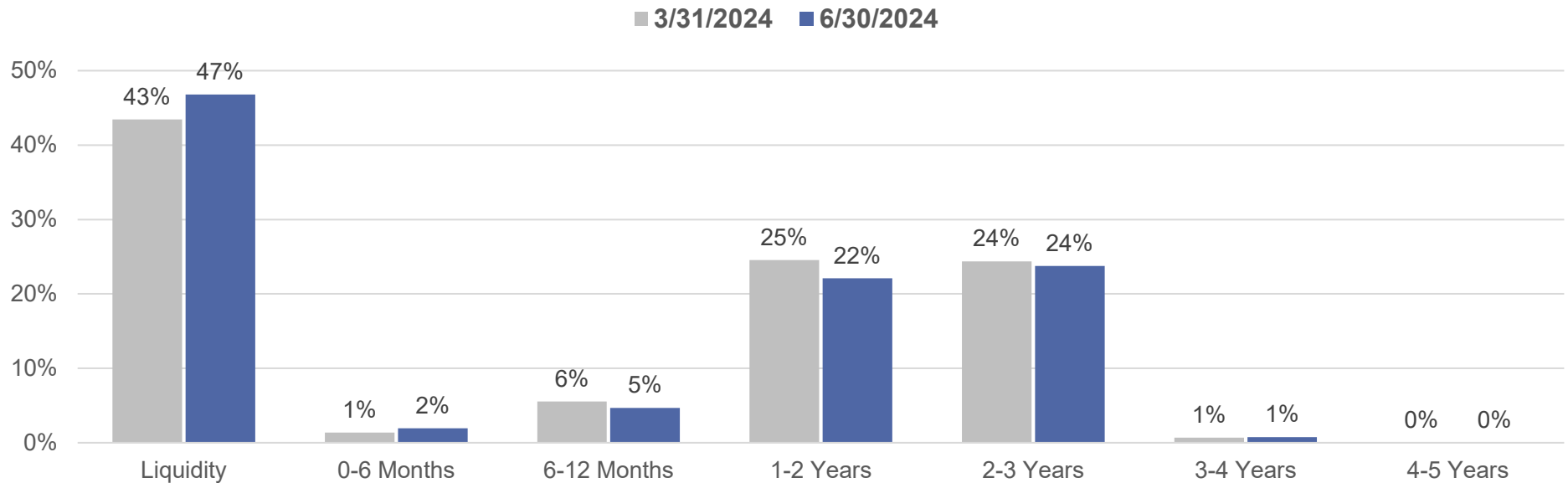
During the reporting period for the quarter ended June 30, 2024, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").*

### Combined Portfolio - Maturity Distribution

- The District maintains ample liquidity in the LAIF/CAMP.
- For the managed portfolio, we continue to emphasize maturities in the 1-3 year maturity range, consistent with the strategies for the portfolios.



Weighted Average Maturity (Years)	March 31, 2024	June 30, 2024
Overall	1.05	0.99
Managed Portfolio	1.85	1.85

## Managed Portfolio Total Return Performance

- Despite market value depreciation due to rising interest rates, total returns were positive during the quarter as higher earnings on recent investments more than offset the market value declines.
- Total return expresses annualized rate of return over a specified period and incorporates all changes in value in the portfolio, including market value changes, cash flows, and interest earned plus realized gains/losses.

Periods Ending June 30, 2024					
BofAML Indices	Duration (years)	Annualized			
		Quarter	Past 12 Months	Past 5 Years	Past 10 Years
<b>State Water Contract Fund</b>	<b>1.78</b>	<b>1.10%</b>	<b>4.18%</b>	<b>1.40%</b>	<b>1.51%</b>
<b>General Fund</b>	<b>1.35</b>	<b>1.10%</b>	<b>5.17%</b>	<b>1.68%</b>	<b>1.66%</b>
ICE BofAML 1 Year UST Index (GC03)	0.88	1.11%	5.02%	1.69%	1.36%
ICE BofAML 1-3 Year UST Index (G1O2)	1.75	0.94%	4.53%	1.06%	1.13%
ICE BofAML 1-5 Year UST Index (GVQ0)	2.52	0.82%	4.16%	0.76%	1.15%

ICE BofAML Indices provided by Bloomberg Financial Markets.

The District's portfolios are not managed on a total return basis, so the indices are shown for information only. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

Periods less than one year are on an unannualized basis. Periods greater than one year are on an annualized basis.

The lesser of 10 years or since inception is shown. Portfolio inception date as of June 30, 2012

### Combined Portfolio - Market Value and Accrual Basis Earnings

Market Value Earnings	3 Months	1 Year	3 Years	5 Years	10 Years <sup>1</sup>
Interest Earned <sup>2</sup>	\$3,538,243	\$12,078,450	\$20,941,553	\$33,969,871	\$56,468,316
Change in Market Value	(\$21,838)	\$4,604,088	(\$12,910,317)	(\$9,419,245)	(\$8,241,721)
<b>Total Dollar Return</b>	<b>\$3,516,405</b>	<b>\$16,682,538</b>	<b>\$8,031,236</b>	<b>\$24,550,626</b>	<b>\$48,226,595</b>

Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years <sup>1</sup>
Interest Earned <sup>2</sup>	\$3,538,243	\$12,078,450	\$20,941,553	\$33,969,871	\$56,468,316
Realized Gains / (Losses) <sup>3</sup>	(\$645,447)	(\$4,668,505)	(\$8,256,983)	(\$3,980,899)	(\$5,067,372)
Change in Amortized Cost	\$212,934	\$790,261	\$239,412	\$258,650	(\$515,502)
<b>Total Dollar Earnings</b>	<b>\$3,105,730</b>	<b>\$8,200,206</b>	<b>\$12,923,982</b>	<b>\$30,247,622</b>	<b>\$50,885,442</b>

1 The lesser of 10 years or since inception is shown. Performance inception date is June 30, 2012.

2 Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3 Realized gains / (losses) are shown on an amortized cost basis.

## Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

For more information regarding PFMAM's services or entities, please visit [www.pfmam.com](http://www.pfmam.com).

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## Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.



## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

**DATE:** August 1, 2024

**TO:** Board of Directors' Workshop – Policy/Administration

**FROM:** Heather Dyer, CEO / General Manager  
 Cindy Saks, CFO / Deputy General Manager

**SUBJECT:** Consider Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon

**Staff Recommendation:**

Approve Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon

**Background**

As set forth in the District's Investment Policy, the Board is required to set the delegation and grants of authority in regards to the management of District funds. The attached Resolution No. 1185 designates the financial institutions and positions authorized to perform financial transactions for the District. Currently the District has funds at Wells Fargo Bank, the Local Agency Investment Fund (LAIF), securities and investments are held under a third party custody agreement with Bank of New York Mellon (BNY Mellon) and the California Asset Management Program (CAMP).

This Resolution authorizes the positions with the authority to engage with the banks listed in this Resolution. Due to a recent staff change it is necessary to update the Resolution to include three current District employees, the CEO, COO, and CFO as listed below.

The persons authorized to draw funds from the District's accounts by Resolution No. 1185 include:

Position	Individual
Board President	Paul Kielhold
Board Treasurer	T. Milford Harrison
CEO / General Manager	Heather P. Dyer
COO / Assistant General Manager	Wen B. Huang
CFO / Deputy General Manager	Cynthia L. Saks

Resolution No. 1185 replaces Resolution No. 1111 with the same purpose. The Resolution also continues the established District procedure of requiring all checks to be signed by at least two of the five authorized District representatives.

**Fiscal Impact:**

There is no fiscal impact from authorizing individuals to draw funds on the District's bank accounts.

**Attachment:**

Resolution No. 1185

**RESOLUTION NO. 1185**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DESIGNATING A DEPOSITORY OF DISTRICT FUNDS AND AUTHORIZED PERSONNEL FOR DRAWING CHECKS THEREON**

**BE IT RESOLVED** by the Board of Directors of the San Bernardino Valley Municipal Water District as follows:

**Section 1.** Wells Fargo Bank, N.A., the Bank of New York Mellon (BNY Mellon), the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP) are designated as depository to have custody of the funds of the District, and to provide banking services for the District.

**Section 2.** The following personnel are hereby authorized to draw checks for authorized expenditures on the District's accounts at such depository, the signatures of two persons being required:

Paul Kielhold	President
T. Milford Harrison	Treasurer
Heather P. Dyer	Chief Executive Officer - General Manager
Wen B. Huang	Chief Operating Officer – Assistant General Manager
Cynthia L. Saks	Chief Financial Officer - Deputy General Manager

**Section 3.** The Recording Secretary and above personnel are authorized to execute and deliver all necessary signature cards and further documents necessary to carry out this Resolution.

**BE IT FURTHER RESOLVED** that Resolution No. 1111 of the San Bernardino Valley Municipal Water District is hereby repealed.

**ADOPTED** this 1st day of August, 2024.

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Paul Kielhold, President

ATTEST:

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Heather Dyer  
Secretary



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**DATE:** August 1, 2024

**TO:** Board of Directors' Workshop – Policy/Administration

**FROM:** Heather Dyer, CEO / General Manager  
Cindy Saks, CFO / Deputy General Manager

**SUBJECT:** Consider Resolution No. 1186 Designating an Updated Expenditure Authority to the CEO/ General Manager

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**Staff Recommendation**

Consider Resolution No. 1186 Designating an Updated Expenditure Authority to the CEO/ General Manager. Staff recommends the Board consider increasing the authority limit to \$75,000.

**Summary**

A future business item was requested by the Board to discuss the expenditure limit of the CEO/ General Manager's signing authority set by current Resolution. Resolution No. 1186 is being brought today for the Board's consideration and upon direction from the Board will be finalized to include the amount agreed upon by the Board. Staff suggests that an increase in the expenditure limit to \$75,000 would be appropriate due to prices of goods and services have increased dramatically since 2016 when the current Resolution was adopted. If Resolution No.1186 is approved, the previous Resolution No. 1048 would be rescinded.

**Background**

The current Resolution codified in a formal Board action the decision authorizing the CEO/ General Manager to approve budgeted expenditures of up to \$25,000. The premise behind this Resolution is to establish guidelines to grant expenditure authority to the CEO/ General Manager of the District. This Resolution promotes efficiency and allows for the timely payment of bills and handling of District business by the General Manager to maintain District business continuity, safeguarding of District assets and protection of public funds. The updated resolution continues to authorize the CEO / General Manager to approve certain expenditures,

however, staff recommends the Board consider increasing the not to exceed amount to \$75,000 with the same following parameters.

- The proposed expenditure is included within the District's then current fiscal year budget.
- That the authorization shall be exercised only for transactions and obligations that do not exceed \$75,000 (or other amount as directed by the Board today) in their entirety, regardless of the amounts of individual components thereof.
- The CEO/ General Manager shall exercise his or her expenditure authority in prudent and fiscally responsible manner, and consistent with all applicable policies and Resolutions adopted by the Board of Directors of the District.
- In the event of emergency conditions, the CEO/ General Manager may approve expenditures in any amount as may be necessary to respond to emergency conditions that potentially threaten the health, safety or welfare of District customers, residents or employees for which immediate corrective action is necessary. Notification of such action shall be presented to the Board and subsequently placed on the agenda for the Board of Directors' next regularly scheduled meeting.

The Resolution has been reviewed and approved to form by District counsel Varner & Brandt.

### **Fiscal Impact**

There is no additional fiscal impact of adopting this Resolution as all expenditures are already included in the approved budgets.

### **Attachments**

- Resolution No. 1186 Designating Expenditure Authority to the CEO / General Manager
- Track changes version Resolution No. 1186

## **RESOLUTION NO. 1186**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DESIGNATING EXPENDITURE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER / GENERAL MANAGER**

**WHEREAS**, San Bernardino Valley Municipal Water District (District) was formed under the Municipal Water District Act of 1911; and

**WHEREAS**, the Board of Directors is responsible for the management of District assets and funds; and

**WHEREAS**, the Board of Directors desires to institute adequate controls for safekeeping of District funds yet promote efficiency and allow for the timely payment of bills and handling of District business by the Chief Executive Officer (CEO) / General Manager;

**WHEREAS**, the Board last set an expenditure limitation on the General Manager in 2016 pursuant to Resolution No. 1048; and

**WHEREAS**, prices of goods and services have increased dramatically since 2016; and

**WHEREAS**, the Board of Directors desires to authorize its CEO / General Manager the authority to approve certain expenditures of District funds subject to certain controls for the safekeeping and protection of public funds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT** as follows:

- a. The CEO / General Manager may approve expenditures of District funds in the amount not to exceed **\$xx,xxx** provided the proposed expenditure is included within the District's then current fiscal year budget. It is the intent of the Board of Directors that this authorization shall be exercised only for transactions and obligations that do not exceed **\$xx,xxx** in their entirety, regardless of the amount of individual components thereof.
- b. The CEO / General Manager may approve expenditures of District funds regardless of amount for payment of routine operational expenses such as payment of utility invoices, such as electrical, water and telephone bills including any expense for upgrades to ensure the utility systems are in working order and in compliance with current District needs,



purchased water payments and bond payments provided the proposed expenditure is within the Districts then current fiscal year budget.

- c. The CEO / General Manager may approve expenditures of District funds in any amount as may be necessary to respond to emergency conditions that potentially threaten the health, safety or welfare of District customers, residents or employees for which immediate corrective action is necessary. Notification of such action shall be presented to the Board and subsequently placed on the agenda for the Board of Directors' next regularly scheduled meeting.
- d. The CEO / General Manager shall exercise his or her expenditure authority in prudent and fiscally responsible manner, and consistent with all applicable policies and Resolutions adopted by the Board of Directors of the District.
- e. The CEO / General Manager may not break down any proposed expenditure into components for the purpose of avoiding limitation on his or her expenditure authority.
- f. The CEO / General Manager shall not exercise his or her expenditure authority so as to avoid or circumvent public, committee or Board participation in expenditures or project that may be of particular interest.
- g. Resolution No. 1048 is hereby rescinded in its entirety.

This Resolution shall become effective upon the day of adoption of by the Board of Directors.

**ADOPTED** this 1st day of August 2024.

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Paul Kielhold, President

ATTEST:

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Heather Dyer, Secretary

**RESOLUTION NO. ~~1048~~1186**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DESIGNATING EXPENDITURE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER / GENERAL MANAGER**

**WHEREAS**, San Bernardino Valley Municipal Water District (District) was formed under the Municipal Water District Act of 1911; and

**WHEREAS**, the Board of Directors is responsible for the management of District assets and funds; and

**WHEREAS**, the Board of Directors desires to institute adequate controls for safekeeping of District funds yet promote efficiency and allow for the timely payment of bills and handling of District business by the Chief Executive Officer (CEO) / General Manager;

**WHEREAS**, the Board last set an expenditure limitation on the General Manager in 2016 pursuant to Resolution No. 1048; and

**WHEREAS**, prices of goods and services have increased dramatically since 2016; and

**WHEREAS**, the Board of Directors desires to authorize its CEO / General Manager the authority to approve certain expenditures of District funds subject to certain controls for the safekeeping and protection of public funds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT** as follows:

- a. The CEO / General Manager may approve expenditures of District funds in the amount not to exceed **\$xx,xxx** provided the proposed expenditure is included within the District's then current fiscal year budget. It is the intent of the Board of Directors that this authorization shall be exercised only for transactions and obligations that do not exceed **\$xx,xxx** in their entirety, regardless of the amount of individual components thereof.
- b. The CEO / General Manager may approve expenditures of District funds regardless of amount for payment of routine operational expenses such as payment of utility invoices, such as electrical, water and telephone bills including any expense for upgrades to ensure the utility systems are in working order and in compliance with current District needs,

purchased water payments and bond payments provided the proposed expenditure is within the Districts then current fiscal year budget.

- c. The CEO / General Manager may approve expenditures of District funds in any amount as may be necessary to respond to emergency conditions that potentially threaten the health, safety or welfare of District customers, residents or employees for which immediate corrective action is necessary. Notification of such action shall be presented to the Board and subsequently placed on the agenda for the Board of Directors' next regularly scheduled meeting.
- d. The CEO / General Manager shall exercise his or her expenditure authority in prudent and fiscally responsible manner, and consistent with all applicable policies and Resolutions adopted by the Board of Directors of the District.
- e. The CEO / General Manager may not break down any proposed expenditure into components for the purpose of avoiding limitation on his or her expenditure authority.
- f. The CEO / General Manager shall not exercise his or her expenditure authority so as to avoid or circumvent public, committee or Board participation in expenditures or project that may be of particular interest.

f.g. Resolution No. 1048 is hereby rescinded in its entirety.

This Resolution shall become effective upon the day of adoption of by the Board of Directors.

**ADOPTED** this 1st day of August 2024.

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Paul Kielhold, President

ATTEST:

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Heather Dyer, Secretary