

**SANTIAGO AQUEDUCT COMMISSION
QUARTERLY MEETING**

December 17, 2020

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspend certain requirements of the Ralph M. Brown Act. Members of the public may not attend this meeting in person.

Participation by members of the Santiago Aqueduct Commission will be from remote locations. Public access and participation will only be available telephonically/electronically.

To virtually attend the meeting and to be able to view any presentations or additional materials provided at the meeting, please join online via Webex using the link and information below:

Via Web:

<https://irwd.my.webex.com/irwd.my/j.php?MTID=m0fd953562ef5753a21ad6a50b96046ad>

Meeting Number (Access Code): 126 238 8987

Meeting Password: Gp8xRMkt3w8 (47897658 from phones and video systems)

After joining the meeting, in order to ensure all persons can participate and observe the meeting, please select the "Call in" option and use a telephone to access the audio for the meeting by using the call-in information and attendee identification number provided. If you do not have access to a computer, dial (510) 338-9438 (followed by the # sign). To join the meeting, enter the Meeting Number (Access Code) above.

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Commission enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Board once the closed session has concluded. Participants who join the meeting while the Commission is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session is over.

CALL TO ORDER

8:00 a.m.

ROLL CALL

ATTENDANCE:

Commissioners

TCWD – Don Chadd _____

ETWD – Kathryn Freshley _____

MNWD – Kelly Jennings _____

SMWD – Donald Bunts _____

MWDOC – Charles Busslinger _____

IRWD – John Withers _____

Staff

Paul Cook _____

Kevin Burton _____

Eileen Lin _____

Cheryl Clary _____

Malcolm Cortez _____

Diane Squyres _____

Legal Counsel:

Allison Burns, SYC&R _____

PUBLIC COMMENT NOTICE

If you wish to address the Board of Directors on any item, please submit a request to speak via the “chat” feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 3:00 p.m. on Wednesday, December 16, 2020.

ALL VOTES SHALL BE TAKEN BY A ROLL CALL VOTE.

COMMUNICATIONS

1. Pledge of Allegiance
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the Commission subsequent to the agenda being posted.

CONSENT ITEMS – Receive and file

4. MINUTES OF REGULAR COMMISSION MEETING – SEPTEMBER 17, 2020
5. MINUTES OF SPECIAL COMMISSION MEETING – SEPTEMBER 17, 2020
6. 2019-20 FINANCIAL REPORT
 - a. Ratify Disbursement Resolution No. 700 dated June 2020.
 - b. Ratify Disbursement Resolution No. 701 dated November 2020.
 - c. Ratify Disbursement Resolution No. 702 dated November 2020.
 - d. Receive and file Financial Statement dated November 30, 2020.
7. FISCAL YEAR 2019-20 FINANCIAL REPORT – CRAIG / TOBAR / CLARY

Recommendation: Receive and file.

ACTION ITEM

8. ADOPTION OF AUTHORITY BANKING RESOLUTION AND
CERTIFICATE OF INCUMBENCY AND DEPOSIT ACCOUNT
DOCUMENTATION SIGNATURE CARD – CLARY

Recommendation: That the members of the Santiago Aqueduct Commission authorize the General Manager, Engineer and Treasurer of the Commission as Designated Account Signers on the Commission's Bank of America Deposit Account and Treasury Management Services Banking Resolution and Certificate of Incumbency, and Deposit Account Documentation Signature Card.

REPORTS

9. GENERAL MANAGER'S REPORT – COOK

10. ENGINEER'S REPORT – BURTON

11. MWDOC'S REPORT

12. ATTORNEY'S REPORT

13. COMMISSIONER'S COMMUNICATION

Commissioners may discuss meetings, communications, correspondence, or other items of general interest relating to matters within the Commission's jurisdiction. There will be no voting or formal action taken.

OTHER BUSINESS

14. ADJOURNMENT

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Santiago Aqueduct Commission in connection with a matter subject to discussion or consideration at an open meeting of the Commission will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be processed swiftly, granted whenever possible and any doubts will be resolved in favor of accessibility.

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**MINUTES OF THE QUARTERLY REGULAR MEETING
OF THE SANTIAGO AQUEDUCT COMMISSION**

September 17, 2020

The quarterly meeting of the Santiago Aqueduct Commission (“SAC”) was duly noticed and was held at 8:00 a.m. on September 17, 2020 by WebEx virtual attendance. Chairman MATHEIS called the meeting to order at 8:10 a.m. ALLISON BURNS recorded the Minutes of the meeting.

COMMISSIONERS PRESENT

MARY AILEEN MATHEIS, Irvine Ranch Water District (“IRWD”); DON CHADD, Trabuco Canyon Water District (“TCWD”); DON BUNTS, Santa Margarita Water District (“SMWD”); KELLY JENNINGS, Moulton Niguel Water District (“MNWD”); CHARLES BUSSLINGER, Municipal Water District of Orange County (“MWDOC”); and KATHRYN FRESHLEY, El Toro Water District, (“ETWD”).

Also present were: PAUL COOK, General Manager, IRWD; CHERYL CLARY, Treasurer, IRWD; KEVIN BURTON, Engineer, IRWD; MIKE GASKINS, ETWD; MATT COLLINGS, MNWD; SAUNDRA JACOBS, SMWD; CHARLES T. GIBSON, SMWD; ALLISON BURNS, General Counsel/Secretary; DIANE SQUYRES, Administrative Secretary, IRWD; RICH MORI, IRWD; MALCOLM CORTEZ, Assistant Engineer, IRWD; JOE MCGEHEE, IRWD; JEFF SMYTH, EOCWD; EILEEN LIN, Assistant Treasurer, IRWD; FERNANDO PALUDI, TCWD; DENNIS CAFFERTY, ETWD; and MARINA LINDSAY, IRWD.

Commissioner CHARLES BUSSLINGER was sworn in by ALLISON BURNS prior to the start of the meeting.

COMMUNICATIONS

1. **Pledge of Allegiance** – the Commission dispensed with the Pledge of Allegiance as it was recited during the special meeting just adjourned.
2. **Public Comments** - No public comments.
3. **Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the Commission subsequent to the agenda being posted** - No items added.

CONSENT ITEMS – Receive and file

4. MINUTES OF COMMISSION MEETING – December 19, 2019.
5. 2019-20 FINANCIAL REPORT.
 - a. Ratify Disbursement Resolution No. 695 dated January 2020.
 - b. Ratify Disbursement Resolution No. 696 dated February 2020.

- c. Ratify Disbursement Resolution No. 697 dated April 2020.
- d. Ratify Disbursement Resolution No. 698 dated June 2020.
- e. Receive and file Financial Statement dated June 30, 2020.

FRESHLEY – Had a question re page 17 of the agenda packet: Why action was taken regarding the assessments and the background regarding that decision.

CLARY – Stated that SAC had been holding a significant cash balance; therefore, the Board elected to draw down on the cash balance rather than collect additional payments.

COOK – Clarified that staff did not know of the need to repair the Baker pipeline at the time of the action.

MATHEIS – Moved to approve the Consent Calendar items 4 and 5 with a correction to the spelling of the word “Edison;” seconded by BUNTS and unanimously approved.

ACTION ITEMS

6. BAKER PIPELINE EXPOSURE THROUGH SANTIAGO CREEK CONSULTANT SELECTIONS – MCGEHEE / MORI / BURTON

Recommendation- That the Santiago Aqueduct Commission authorize the General Manager to execute a Professional Services Agreement with West Yost in the amount of \$46,990 for engineering services, authorize the General Manager to execute a Professional Services Agreement with NMG Geotechnical in the amount of \$19,764 for geotechnical services, and authorize the General Manager to execute a Professional Services Agreement with Harmsworth & Associates in an amount not to exceed \$50,000 for environmental permitting services for the Baker Pipeline Exposure through Santiago Creek, Project 11615.

COOK – Advised the Commission that an issue was discovered with the Baker Pipeline as it crosses Santiago Creek.

BURTON – Reminded the Commission that it is rare for the Commission to have a substantive item to consider, and when it does, it is usually an issue to be corrected. In April of this year, work was being done for the County at Irvine Regional Park when County’s consultant staff saw exposed pipeline in the creek. SAC staff investigated and determined SAC’s 54” pipeline was exposed in two locations in the creek bed. Staff arranged for the location to be surveyed and potholed to prepare a plan for this meeting. Together with SAC’s consultants, staff has a plan and design ready to implement.

MCGEHEE from IRWD provided a presentation regarding issue and plan.

Background –

In April 2020, staff confirmed that two sections of the 54-inch Baker Pipeline (Reach 1U) across Santiago Creek were exposed. Exposure No. 1: About 20 LF of exposed pipeline (pipe crown); Exposure No. 2: About 15 LF of exposed pipeline (concrete encasement). The pipeline was constructed in 1961 and designed with about 6-feet of cover across Santiago Creek. Santiago Creek has since widened by about 50-feet and scoured more than 7-feet in depth

Exposures 1 and 2 are in reach 1U westerly of the 241 overpass and downstream of Irvine Lake Dam. Aerial photographs were shown of the area, including an abandoned wall structure located nearby the Exposures. Staff has been unable to determine what function the abandoned wall structure served or serves but believes the wall diverted water on the bank and ran the water parallel to the pipe; 60+ years of scour lead to exposure of the pipe. Photographs were also shown of the dense vegetation in the area that kept the exposure hidden.

Work to date

- Topographic Survey – shows Exposure 2 is where the original creek flowline was located. The creek migrated southerly approximately 50 feet. Appears wall contributed to exposure 1.
- Jurisdictional delineation of project area – all vegetation and responsibility areas. Will include CDFW, ACOE, regional board and NCCP coordination. Will need to go through OC Parks for encroachment permit. Have existing 25' access, maintenance, and repair easement in place. Depending on geotechnical results and shoring required, may need additional temporary construction easement.
- Review permitting impacts with Harmsworth & Associates and Develop Concepts for addressing exposures:
 - Interim Protection – harden the exposed pipe with concrete cap. Simple and quick. After discussing with Harmsworth, staff determined this approach has several drawbacks. Jurisdictional agencies wouldn't consider it an emergency effort because the pipeline is only partially exposed and not an imminent danger; therefore, the normal permitting timeline would apply and an interim fix won't provide much benefit except during the 2020 rainy season. Also expect ACOE to have issue with inserting anything into the flowline that may cause meandering of the creek flowline;
 - Permanent Relocation – dig pipe deeper and provide more cover. Original construction of the pipeline provided 6-7 feet of cover. Staff has assumed permanent relocation would include 10 feet of cover and reconstruction in the original alignment. Advantages: elimination of permanent easement request from OC Parks and related benefits. Staff recommends the pipeline be installed as deep as possible. Total depth and length will be determined after the geotechnical analysis is complete.
- Develop conceptual capital cost estimates – assumptions: 10 feet of cover; steel CMC pipeline. Estimated cost total including permits is \$841,806.00. Staff expects the tie in points to be difficult (beyond 45 degrees, in rough terrain). Cost estimates are still very conceptual; therefore, the estimate includes 30% contingency and 10% unknown items.
- Obtain proposals for engineering design (three companies) and geotechnical services (two companies)

Engineering Design

DMc Engineering \$46,870

Stantec \$99,088

West Yost \$46,990

Geotech – two borings up to 30' deep

NMG Geotechnical \$19,764

Ninyo & Moore \$16,328

Recommendations –

West Yost for engineering. West Yost showed excellent understanding of project issues and provided a comprehensive scope of work. West Yost had recent successful pipeline work with IRWD: on schedule and on budget. West Yost is experienced with SAC/IRWD pipeline design requirements.

NMG Geotechnical for geotechnical. NMG's fee total is higher but their experience in the creek is invaluable. NMG has better and closer experience. NMG showed good forethought in considering a third boring. Expect to need to move due to quantity of rocks in the area. NMG did recent nearby soils analysis within Boy Scouts of America property.

Harmsworth & Associates for Environmental permitting service NTE \$50,000; no scope yet because so much remains to be determined.

Budget – Expenditures to date: June 30, 2020 SAC cash was \$410,000. Work to date \$24,130. \$116,754 is needed to support the recommendations today. Existing cash balance can fully fund work to date and recommendations today. Total estimated capital cost for entire project is \$842,000. Additional funding will be needed and requested after additional information is gathered and final design prepared.

Schedule –

October 2020 begin design, permitting and geotechnical work

February 2021 complete design

May 2021 complete permitting

June 2021 begin construction

October 2021 complete construction

Permitting effort will be the key issue. Expect it will take from October until May.

Staff expects to advertise and kickoff construction in June.

Next steps –

Begin geotechnical analysis

Kickoff pipeline design – confirm depth and construction method (important because of shoring and to determine need for additional temporary construction easement width).

Confirm permitting requirements and finalize scope of work with Harmsworth & Associates.

Make contact re permitting with various agencies.

Discussion- BUSSLINGER- thanked staff for the work to date. Questions re scouring in the creek – within 500 feet upstream there is an Arizona crossing, half mile further, another Arizona crossing. Low vented area crossings do not allow sediment to naturally transport through the creek. Further crossing has enormous quantities of scouring. Construction by others is causing SAC to expend an enormous amount of money - OC Parks in particular. Arizona crossings cause erosion and transport of sediment. Do we have an expert as part of the consultant team? West Consultants is excellent river consultant.

MCGEHEE – West Yost not tasked with that effort.

COOK – Discussed Arizona crossings

BUSSLINGER– Arizona crossings are not designed to avoid sediment transport.

COOK– Challenges of Arizona crossing pale in comparison to Santiago Dam sediment impacts. Recommend 10' depth. In future may consider a check-dam. Urgency is to get the pipe to a lower depth. Staff recommends not deviating from the schedule for repair work.

BUSSLINGER– Asked about cost sharing among members.

BURTON– This is a Reach 1 Project. Costs will be split based on ownership of each agency in Reach 1. Staff provided a breakdown of the costs per agency based on Reach 1 capacity ownership.

CHADD– Stated he believes there was a pipeline failure at this location in the 1990s, Trabuco was the only agency on the Baker pipeline at that time and was heavily impacted.

COOK– It was in 1995 at the Borrego wash, at the Southeastern edge of the former Marine Base. It threatened the SAC line and came close to undermining another facility.

CHADD – Stated he was glad it's in a different location. Acknowledged response of Derek McGregor who noticed the issue and brought it to SAC's attention. Expressed gratitude to Derek and DMC Engineering for having the presence of mind to bring to SAC's attention. Cost of repair is one matter; but also avoided costs and ability to wheel water. SAC may need to consider regular inspection program to make sure Baker line is in good shape and to avoid future surprises.

COOK – Concurred that it is appropriate to consider an inspection program. Stated he is unsure how often the line is inspected by staff but will follow up with the operations crew.

BURTON – Stated that staff does patrol the pipeline regularly. But when they get to the creek, they use the Arizona crossing and do not see this area. Stated staff will add twice annual checks in the creek in particular to the inspection program.

COOK – Discussed allocation of costs among members based on shares in Reach 1 assuming non-use of cash reserves.

BURTON– Further comment re allocation of costs.

COOK– Discussion of several times Irvine Lake has overflowed, and pipeline survived (1969 dramatic overflow). Noted that IRWD will be running Irvine Lake lower this winter so that the Lake can capture more flow. If a storm surges, there will be a buffer built in.

GASKINS – IRWD report looked back to 1800s and looked at overflows. Very interesting report. Shows sheet flooding in North Tustin.

PALUDI – Asked when will Irvine Lake be drawn down during construction?

COOK – Irvine Lake will be completely drawn down in IRWD anticipation over a five-year period. Deadline to get the overall project completed with division of safety of dams. IRWD anticipates SAC repairs will be done well in advance of IRWD work on Irvine Lake.

CHADD moved to engage Consultants per presentation and recommendation, seconded by FRESHLEY and unanimously approved.

COOK – Will keep commission posted particularly re the budget.

BURTON– Recommended Motion was to use cash reserves.

COOK– Board action not needed but asked for dissention from plan to use reserves; proper use and allows members time to plan.

No dissention by any member.

REPORTS

7. GENERAL MANAGER’S REPORT-COOK.

COOK – Nothing to report.

8. ENGINEER’S REPORT-BURTON.

BURTON – Update: January 2020 cathodic protection surveys were conducted. COVID did not interfere much. All Surveys completed. All is in good working order. No signs of issues found.

Reminded the Commission that in December he reported on a test station had been graded out of existence. Staff spent time trying to figure out who had done it; no one confessed. Staff determined it was a lost cause to try to find someone to pay for it and proceeded with repairs at a cost of \$13,000. These costs were covered in last year’s operating budget. Other than that, pipeline is in good condition.

9. MWDOC’S REPORT.

BUSSLINGER – MWDOC is working with Metropolitan re upcoming shutdown of AMP pipeline in a section in the vicinity of Rattlesnake Reservoir near Portola Hills. The shutdown is to repair pre-cast concrete cylinder pipe where the structural wires have been breaking. Breakage was found during regular survey. MWDOC is targeting April 2021 for the one-month shutdown. Santa Margarita is working on ACTM to have it back in service in plenty of time.

10. ATTORNEY’S REPORT.

BURNS – It was good to see everyone.

11. COMMISSIONERS’ COMMUNICATIONS

FRESHLEY– Thanked staff for the Engineering Report; it was thorough and well done.

MATHEIS – Thanked the General Manager for running the meeting.

OTHER BUSINESS

14. **ADJOURNMENT.**

MATHEIS adjourned the meeting at 9:07 a.m.

Respectfully submitted,

Allison E. Burns, Secretary

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MINUTES OF THE SPECIAL MEETING
OF THE SANTIAGO AQUEDUCT COMMISSION

September 17, 2020

The special meeting of the Santiago Aqueduct Commission (“SAC”) was duly noticed and was held on September 17, 2020 by WebEx virtual attendance. Chairman MATHEIS called the meeting to order at 8:00 a.m. ALLISON BURNS recorded the Minutes of the meeting.

COMMISSIONERS PRESENT

MARY AILEEN MATHEIS, Irvine Ranch Water District (“IRWD”); DON CHADD, Trabuco Canyon Water District (“TCWD”); DON BUNTS, Santa Margarita Water District (“SMWD”); KELLY JENNINGS, Moulton Niguel Water District (“MNWD”); CHARLES BUSSLINGER, Municipal Water District of Orange County (“MWDOC”); and KATHRYN FRESHLEY, El Toro Water District, (“ETWD”).

Also present were: PAUL COOK, General Manager, IRWD; CHERYL CLARY, Treasurer, IRWD; KEVIN BURTON, Engineer, IRWD; MIKE GASKINS, ETWD; MATT COLLINGS, MNWD; SAUNDRA JACOBS, SMWD; CHARLES T. GIBSON, SMWD; KARL SECKEL, MWDOC; ALLISON BURNS, General Counsel/Secretary, DIANE SQUYRES, Administrative Secretary, RICH MORI, IRWD, MALCOLM CORTEZ, Assistant Engineer, JOE MCGEHEE, IRWD, JEFF SMYTH, EOCWD, EILEEN LIN, Assistant Treasurer, FERNANDO PALUDI, TCWD, and DENNIS CAFFERTY, ETWD.

COMMUNICATIONS

1. **Pledge of Allegiance** - The members of the Commission and the audience recited the pledge of allegiance to the flag of the United States of America.
2. **Public Comments** - No public comments.
3. **Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the Commission subsequent to the agenda being posted** - No items added.

ACTION ITEMS

4. APPOINTMENT OF ALTERNATE COMMISSIONER FOR MWDOC–SQUYRES/ BURTON.

Recommendation: That the Commission appoint an Alternate Commissioner for the Municipal Water District of Orange County and administer the Oath of Office to BUSSLINGER to serve as Alternate Commissioner on the Santiago Aqueduct Commission.

JENNINGS moved for BUSSLINGER to serve as Alternate Commissioner on the Santiago Aqueduct Commission, seconded by BUNTS and unanimously approved.

COOK –Thanked SECKEL for many years of service to the Commission.

MATHEIS–Thanked SECKEL for his service and hard work.

CHADD – Noted that he has worked with SECKEL on the Commission since 1995 and has known him in a number of capacities. SECKEL could always be counted on to be available to assist and provide good information.

SECKEL– Thanked the commissioners for their kind comments.

OTHER BUSINESS

5. **ADJOURNMENT.**

MATHEIS adjourned the meeting at 8:10 a.m.

Respectfully submitted,

Allison E. Burns, Secretary

SANTIAGO AQUEDUCT COMMISSION
DISBURSEMENT RESOLUTION NO. 700

June 2020

RESOLVED by Santiago Aqueduct Commission that items shown below be approved for payment and charges to the Contracting Agencies and to holders of capacity rights in the Santiago Aqueduct Commission in accordance with the policy with respect to standby charges, water surcharges and operation and maintenance costs adopted by this Commission on April 10, 1963: That the Contracting Public Agencies and other holders of capacity rights in said Santiago Aqueduct be called upon to pay this Commission for their respective shares of such items, and payments, such items and the distribution thereof are as follows:

OPERATIONS AND MAINTENANCE

1	AT&T	
	Charges for Apr 20-May 20	347.10
2	Stradling Yocca Carlson & Rauth	168.00
3	Southern California Edison	
	Charges for Apr - June 2020	573.84
4	Farwest Corrosion Control Company	13,300.00
5	Micheal Baker	14,455.00
6	Irvine Ranch Water District	
	Baker Pipeline Operation (Apr-May 2020)	2,364.24
	Baker Pipeline Maintenance (Apr-May 2020)	2,720.00
7	TOTAL DISBURSEMENT RESOLUTION NO. 700	<u>\$ 33,928.18</u>

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SANTIAGO AQUEDUCT COMMISSION
DISBURSEMENT RESOLUTION NO. 701

November 2020

RESOLVED by Santiago Aqueduct Commission that items shown below be approved for payment and charges to the Contracting Agencies and to holders of capacity rights in the Santiago Aqueduct Commission in accordance with the policy with respect to standby charges, water surcharges and operation and maintenance costs adopted by this Commission on April 10, 1963: That the Contracting Public Agencies and other holders of capacity rights in said Santiago Aqueduct be called upon to pay this Commission for their respective shares of such items, and payments, such items and the distribution thereof are as follows:

OPERATIONS AND MAINTENANCE		
1	AT&T	
	Charges for June 20-Aug 20	520.65
2	ACWA/JPIA	500.00
3	Southern California Edison	
	Charges for July - Aug 2020	456.79
4	Alliant	2,250.00
5	Micheal Baker	466.00
6	Irvine Ranch Water District	
	Baker Pipeline Operation (June 2020)	1,291.52
	Baker Pipeline Maintenance (June 2020)	2,080.00
7	TOTAL DISBURSEMENT RESOLUTION NO. 701	<u>\$ 7,564.96</u>

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SANTIAGO AQUEDUCT COMMISSION
DISBURSEMENT RESOLUTION NO. 702

November 2020

RESOLVED by Santiago Aqueduct Commission that items shown below be approved for payment and charges to the Contracting Agencies and to holders of capacity rights in the Santiago Aqueduct Commission in accordance with the policy with respect to standby charges, water surcharges and operation and maintenance costs adopted by this Commission on April 10, 1963: That the Contracting Public Agencies and other holders of capacity rights in said Santiago Aqueduct be called upon to pay this Commission for their respective shares of such items, and payments, such items and the distribution thereof are as follows:

OPERATIONS AND MAINTENANCE

1	AT&T	
	Charges for Sept 20-Oct 20	348.43
2	ACWA/JPIA	2,139.00
3	Southern California Edison	
	Charges for Sept - Oct 2020	464.51
4	Kill-N-Bugs	4,920.00
5	Stradling Yocca Carlson & Rauth	224.00
6	Irvine Ranch Water District	
	Baker Pipeline Operation (July - Sept 2020)	3,690.63
	Baker Pipeline Maintenance (July - Sept 2020)	3,695.00
7	TOTAL DISBURSEMENT RESOLUTION NO. 702	<u>\$ 15,481.57</u>

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Santiago Aqueduct Commission
Statement of Net Position
For the Period Ended November 30, 2020

ASSETS

Current assets:

Cash and investments ⁽¹⁾	\$ 397,749
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Receivables:

Accounts receivable	9,704
Interest receivable	523
Total receivables	10,227

Other current assets:

Water in storage	
Total other current assets	
Total current assets	407,977

Noncurrent assets:

Capital assets, net of depreciation	44,972
Total noncurrent assets, net	44,972

TOTAL ASSETS	452,948
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LIABILITIES

Current liabilities:

Account payable	1,462
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TOTAL LIABILITIES	1,462
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NET POSITION

Investment in capital assets	44,972
Unrestricted	406,515

TOTAL NET POSITION	\$ 451,486
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⁽¹⁾ On March 21, 2019 the Commission adopted a resolution authorizing the use of existing cash to pay member fees for FY 2020-2021.

Santiago Aqueduct Commission

Statement of Revenues, Expenses and Changes in Net Position

For the Period Ended November 30, 2020

OPERATING REVENUES:

Water surcharge	\$ 12,631
Member charges ⁽¹⁾	-
Other Income	176
Total operating revenues	<u>12,807</u>

OPERATING EXPENSES:

Contract labor	794
Equipment usage	120
Utilities	921
Landscape	4,920
Cathodic protection monitoring and maintenance	920
Telemetry alarm	696
General and administrative:	
Insurance	4,889
Legal	1,686
Administration management	5,550
Other	241
Depreciation	751
Total operating expenses	<u>21,488</u>
Operating income (loss)	<u>(8,681)</u>

NONOPERATING REVENUES:

Interest income	601
Increase (decrease) in fair value of investments	(221)
Total nonoperating revenues	<u>380</u>
Increase (decrease) in net position	(8,301)

NET POSITION AT BEGINNING OF YEAR

459,787

NET POSITION AT END OF NOVEMBER

\$ 451,486

⁽¹⁾ On March 21, 2019 the Commission adopted a resolution authorizing the use of existing cash to pay member fees for FY 2020-2021. Therefore, member charges for the period ended November 30, 2020 is \$0.

December 17, 2020
Prepared by: J. Craig / J. Tobar / E. Lin
Submitted by: C. Clary
Approved by: Paul A. Cook



SANTIAGO AQUEDUCT COMMISSION

FY 2019-20 FINANCIAL REPORT

SUMMARY:

The Santiago Aqueduct Commission hired Davis Farr, LLP, an outside audit firm, to conduct an audit of the Commission's financial statements for the Fiscal Year (FY) ended June 30, 2020. Davis Farr has completed its audit and concluded that in all material aspects, the statements fairly present the Commission's financial position as of June 30, 2020 and conform with generally accepted accounting principles.

BACKGROUND:

The FY 2019-20 Financial Report was prepared by the Commission as required by the California Government Code Section 6505 and will be available on the Commission's website. The Financial Report, including audited financial statements, accompanying auditor's report, and Management's Discussion and Analysis of significant changes, is provided as Exhibit "A".

Provided as Exhibit "B" is the required Auditor Communication pursuant to the Statement on Auditing Standards 114 *The Auditor's Communication with Those Charged with Governance*. The letter reflects the auditor's understanding of key management assumptions and practices, and notes that there were no disagreements with management during the scope of the audit. Davis Farr has also provided a *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, which is provided as Exhibit "C". The report states that the Commission does not have any material weakness deficiencies in internal control. In addition, the report states that the audit disclosed no instances of noncompliance or other matters that were required to be reported under *Government Auditing Standards*.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – FY 2019-20 Financial Report

Exhibit “B” – SAS 114 Auditor’s Communication with Those Charged with Governance from
Davis Farr LLP

Exhibit “C” – Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards from Davis Farr LLP

EXHIBIT "A"

Santiago Aqueduct Commission

Financial Statements

Fiscal Year Ended June 30, 2020

Santiago Aqueduct Commission

Financial Statements

Fiscal Year Ended June 30, 2020

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Independent Auditor's Report

Board of Directors
Santiago Aqueduct Commission
Irvine, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santiago Aqueduct Commission (the "Commission"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Santiago Aqueduct Commission's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Santiago Aqueduct Commission (SAC) provides an overview of SAC's financial activities for the fiscal year ended June 30, 2020. This section should be read in conjunction with the basic financial statements and notes to the basic financial statements, which follow this analysis.

Financial Highlights:

- Total assets exceeded total liabilities by \$459,787 (net position), representing \$45,722 investment in capital assets and \$414,065 in unrestricted for water services. This was a decrease of \$55,126 or 10.7 percent from the prior fiscal year net position of \$514,913.
- Total current assets were \$418,076, a decrease of \$93,579 or 18.3 percent from the prior fiscal year. Cash and investments decreased by \$85,397. This was primarily due to SAC's Board adopted resolution in March 2019, authorizing the use of existing cash to pay for maintenance charges for the current fiscal year. In the current fiscal year, SAC did not collect any fees from its member agencies to pay current maintenance expenses.
- Total noncurrent assets were \$45,722, a decrease of \$3,004 or 6.2 percent from the prior fiscal year, representing current year depreciation.
- Total liabilities were \$4,011, a decrease of \$41,457 or 91.2 percent from the prior fiscal year. The decrease was due primarily to landscaping and cathodic protection monitoring invoices which were outstanding at the prior year end, partially offset by an outstanding invoice for operations and maintenance charges due to a member agency at the current fiscal year-end.
- Total revenues decreased \$93,164 or 68.7 percent from \$135,644 in the prior fiscal year to \$42,480 in the current fiscal year. This was due primarily to SAC's Board adopted resolution in March 2019, authorizing the use of existing cash to pay for maintenance charges for the current fiscal year. Therefore, SAC did not charge any maintenance fees to member agencies in the current fiscal year.
- Total operating expenses were \$97,606, an increase of \$561 or 0.6 percent from the prior fiscal year. The increase was due primarily to higher cathodic protection monitoring and maintenance expenses partially offset by lower contract labor.

More detailed analysis about the overall SAC's financial position and operations is provided in the following sections.

Overview of the Financial Statements:

The basic financial statements of SAC consist of the financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows) and notes to the basic financial statements. The basic financial statements are prepared using the accrual basis of accounting.

Statement of Net Position depicts SAC's financial position at June 30, 2020 the end of SAC's fiscal year. The statement of net position shows all financial assets and liabilities of SAC. Net position represents the SAC's residual interest after liabilities are deducted from assets. Net position is displayed in two components: net investment in capital assets and unrestricted for water services.

Statement of Revenues, Expenses and Changes in Net Position provides information on SAC's operations and can be used to determine whether SAC has recovered all of its costs through operating and non-operating revenues.

Statement of Cash Flows provides information on SAC's cash receipts, cash payments and changes in cash resulting from operations and investments activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of SAC:

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating SAC's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A).

Financial Position Summary:

The Statement of Net Position reflects SAC's financial position as of June 30, 2020. The statement includes assets and liabilities. The net position represents SAC's net worth including, but not limited to contributions and investments in capital assets. A condensed summary of SAC's total net position at June 30 is set forth below:

Table 1 - Summary of Net Position

	2020	2019	Increase/(Decrease)	
			Amount	Percentage
Assets				
Current assets	\$ 418,076	\$ 511,655	\$ (93,579)	-18.3%
Noncurrent assets	45,722	48,726	(3,004)	-6.2%
Total assets	<u>463,798</u>	<u>560,381</u>	<u>(96,583)</u>	<u>-17.2%</u>
Liabilities				
Current liabilities	4,011	45,468	(41,457)	-91.2%
Total liabilities	<u>4,011</u>	<u>45,468</u>	<u>(41,457)</u>	<u>-91.2%</u>
Net position				
Investment in capital assets	45,722	48,726	(3,004)	-6.2%
Unrestricted for water services	414,065	466,187	(52,122)	-11.2%
Total net position	<u>\$ 459,787</u>	<u>\$ 514,913</u>	<u>\$ (55,126)</u>	<u>-10.7%</u>

As shown in Table 1, SAC's total assets decreased \$96,583 or 17.2 percent during the current fiscal year. Cash and investments decreased \$85,397 or 17.2 percent from \$495,744 in the prior fiscal year to \$410,347 in the current fiscal year. The decrease of cash and investments was due primarily to SAC's Board adopted resolution in March 2019, authorizing the use of existing cash to pay for maintenance charges for the current fiscal year. Accounts receivable decreased \$7,374 or 52.1 percent from \$14,152 in the prior fiscal year to \$6,778 in the current fiscal year. The decrease in account receivables was primarily attributable to a \$6,245 operating surcharge due at the prior fiscal year end received in the current year and a \$1,129 decrease in the fourth quarter operating surcharge revenues billed but not yet collected at the current fiscal year end.

SAC's total liabilities decreased \$41,457 or 91.2 percent from \$45,468 in the prior fiscal year to \$4,011 in the current fiscal year. The decrease was due primarily to landscape and cathodic protection expenses of \$34,447 and \$9,401, respectively, not paid by the prior fiscal year end, partially offset by a \$2,505 increase of operations and maintenance charges outstanding due to a member agency at the current fiscal year end.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Net position at end of the current fiscal year is \$459,787 representing the excess of total assets over total liabilities. Net position decreased \$55,126 or 10.7 percent from \$514,913 in the prior fiscal year to \$459,787 in the current fiscal year. Net position consists of investment in capital assets of \$45,722 or 9.9 percent and an unrestricted net position for water services of \$414,065 or 90.1 percent.

Activities and Changes in Net Position:

The Statement of Revenues, Expenses and Changes in Net Position summarizes SAC's operations during the current fiscal year. A Summary of SAC's changes in net position for the fiscal years ended June 30 is included in Table 2 below:

Table 2 - Revenues, Expenses and Changes in Net Position

	2020	2019	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Operating revenues				
Water surcharge	\$ 31,672	\$ 34,355	\$ (2,683)	-7.8%
Member charges	-	93,725	(93,725)	-100.0%
Other income	4,225	-	4,225	100.0%
Total operating revenues	35,897	128,080	(92,183)	-72.0%
Non-operating revenues	6,583	7,564	(981)	-13.0%
Total revenues	42,480	135,644	(93,164)	-68.7%
Operating expenses				
Contract labor	6,789	12,325	(5,536)	-44.9%
Equipment usage	222	287	(65)	-22.6%
Utilities	2,237	2,934	(697)	-23.8%
Landscape	7,650	8,190	(540)	-6.6%
Cathodic protection monitoring and maintenance	38,269	30,251	8,018	26.5%
Telemetry alarm	2,083	2,083	-	0.0%
General and administrative	37,352	37,482	(130)	-0.3%
Depreciation expense	3,004	3,493	(489)	-14.0%
Total operating expenses	97,606	97,045	561	0.6%
Changes in net position	(55,126)	38,599	(93,725)	-242.8%
Beginning net Position	514,913	504,516	10,397	2.1%
Prior period adjustments	-	(28,202)	28,202	-100.0%
Ending net position	<u>\$ 459,787</u>	<u>\$ 514,913</u>	<u>\$ (55,126)</u>	<u>-10.7%</u>

Revenues:

As shown in Table 2, SAC's operating revenues decreased \$92,183 or 72.0 percent. This is due primarily to SAC's Board adopted resolution in March 2019 authorizing the use of existing cash to pay for maintenance charges for the current fiscal year. SAC applied existing cash to pay for the member charges in the current fiscal year. The water surcharge revenue contributed 88.2 percent of total operating revenues. The water surcharge decreased by \$2,683 from the prior year due to a lower surcharge rate of \$1.10 per acre foot on 28,156 acre feet of sales in the current fiscal year compared to \$1.12 per acre

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

feet on 31,674 acre feet of sales in the prior fiscal year. The decrease was partially offset by other operating income representing a refund of \$4,225 from the County of Orange for the prior three years' property taxes payments. SAC is exempt from property taxes as a government agency.

Expenses:

As shown in Table 2, SAC's operating expenses increased \$561 or 0.6 percent from \$97,045 in the prior fiscal year to \$97,606 in the current fiscal year. Contract labor and general and administrative expenses decreased \$5,666 and contributed 45.2 percent of the total FY 2020 operating expenses. Cathodic protection related expenses increased \$8,018 and contributed 39.2 percent of the total operating expenses. Landscape maintenance decreased \$540 and contributed 7.8 percent of the total operating expenses. Total other expenses decreased \$762 and contributed 4.7 percent of the total operating expenses. Depreciation expense decreased \$489 due to a fully depreciated asset in the prior year and contributed 3.1 percent of the total operating expenses.

Capital Assets:

SAC's investment in capital assets, net of depreciation as of June 30 were as follows:

Table 3 - Capital Assets, Net of Depreciation

	2020	2019	Increase/(Decrease)	
			Amount	Percentage
Bypass valve	\$ 23,852	\$ 25,443	\$ (1,591)	-6.3%
Vault covers	21,870	23,283	(1,413)	-6.1%
Total	<u>\$ 45,722</u>	<u>\$ 48,726</u>	<u>\$ (3,004)</u>	<u>-6.2%</u>

Capital assets, net of depreciation decreased \$3,004 or 6.2 percent in the current fiscal year primarily due to current fiscal year's depreciation expense. Additional information on SAC's capital assets can be found in Note 3 of the Notes to the Basic Financial Statements.

Contacting the District's Financial Management:

This financial report is design to provide member agencies with a general review of SAC's finances to show SAC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at the Santiago Aqueduct Commission, 15600 Sand Canyon Avenue, Irvine, California 92618-7500.

Santiago Aqueduct Commission
Statement of Net Position
June 30, 2020
(with comparative data as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and investments (note 2)	\$ 410,347	\$ 495,744
Receivables:		
Accounts receivable	6,778	14,152
Interest receivable	951	1,759
Total receivables	<u>7,729</u>	<u>15,911</u>
Total current assets	<u>418,076</u>	<u>511,655</u>
Noncurrent assets:		
Capital assets, net of depreciation (note 3)	45,722	48,726
Total noncurrent assets, net	<u>45,722</u>	<u>48,726</u>
TOTAL ASSETS	<u>463,798</u>	<u>560,381</u>
LIABILITIES		
Current liabilities:		
Account payable	4,011	45,468
TOTAL LIABILITIES	<u>4,011</u>	<u>45,468</u>
NET POSITION		
Investment in capital assets	45,722	48,726
Unrestricted for water services	414,065	466,187
TOTAL NET POSITION	<u>\$ 459,787</u>	<u>\$ 514,913</u>

See accompanying notes to the basic financial statements.

Santiago Aqueduct Commission

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2020

(with comparative data for the Fiscal Year Ended June 30, 2019)

	2020	2019
OPERATING REVENUES		
Water surcharge	\$ 31,672	\$ 34,355
Member charges	-	93,725
Other income	4,225	-
Total operating revenues	<u>35,897</u>	<u>128,080</u>
OPERATING EXPENSES		
Contract labor	6,789	12,325
Equipment usage	222	287
Utilities	2,237	2,934
Landscape	7,650	8,190
Cathodic protection monitoring and maintenance	38,269	30,251
Telemetry alarm	2,083	2,083
General and administrative:		
Audit	5,100	5,000
Insurance	7,148	7,104
Legal	2,816	2,721
Property taxes	-	1,409
Administration management	21,600	20,500
Other	688	748
Depreciation	3,004	3,493
Total operating expenses	<u>97,606</u>	<u>97,045</u>
Operating income (loss)	<u>(61,709)</u>	<u>31,035</u>
NONOPERATING REVENUES		
Interest income	5,670	6,589
Increase (decrease) in fair value of investments	913	975
Total nonoperating revenues	<u>6,583</u>	<u>7,564</u>
Increase (decrease) in net position	(55,126)	38,599
NET POSITION AT BEGINNING OF YEAR	514,913	504,516
Prior period adjustment	-	(28,202)
NET POSITION AT END OF YEAR	<u><u>\$ 459,787</u></u>	<u><u>\$ 514,913</u></u>

See accompanying notes to the basic financial statements.

Santiago Aqueduct Commission
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020
(with comparative data for the Fiscal Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member agencies	\$ 43,271	\$ 131,820
Cash paid to suppliers of goods and services	(136,059)	(102,888)
Net cash provided by (used for) operating activities	(92,788)	28,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,391	7,083
Net cash provided by investing activities	7,391	7,083
Net increase (decrease) in cash and cash equivalents	(85,397)	36,015
Cash and cash equivalents at beginning of year	495,744	459,729
Cash and cash equivalents at end of year	\$ 410,347	\$ 495,744
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (61,709)	\$ 31,035
Depreciation	3,004	3,493
(Increase) decrease in accounts receivable	7,374	3,740
Increase (decrease) in accounts payable	(41,457)	(9,336)
Net cash provided by (used for) operating activities	\$ (92,788)	\$ 28,932
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Fair value of investments adjustment	\$ 913	\$ 975

See accompanying notes to the basic financial statements.

Santiago Aqueduct Commission

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Santiago Aqueduct Commission (SAC) was formed in September 1961 as a multi-agency joint powers agency under the California Government Code section 6500. SAC was formed to finance, construct and maintain the Baker Pipeline designed to bring imported untreated water from the Metropolitan Water District of Southern California (MWD) to South Orange County. The Baker Pipeline was completed in 1962 and extended the MWD Santiago Lateral by 15 miles. SAC's member agencies include East Orange County Water District, Irvine Ranch Water District, Santa Margarita Water District, Trabuco County Water District, El Toro Water District and Moulton Niguel Water District.

B. Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

C. Basis of Accounting and Measurement Focus

SAC's financial activities are accounted for as an enterprise fund. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from surcharges and member charges. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

SAC's operating revenues and expenses generally result from providing pipeline capacity and operations and maintenance services to member agencies in connection with water operations. The principal operating revenues of SAC are member charges to cover operation and maintenance expenses. Operating expenses include operations and maintenance expenses associated with the pipeline, general and administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, SAC uses restricted resources and then unrestricted resources.

D. Cash and Investments

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of 12 months or less. Investments are reported at fair value.

Santiago Aqueduct Commission

Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies (continued)

D. Cash and Investments (Continued)

Changes in fair value that occur during the fiscal year are recognized as an increase (decrease) in fair value of investments reported for that fiscal year. Interest income includes interest earnings on SAC's investments.

E. Accounts Receivable

SAC's accounts receivables are from its member agencies in the normal course of operations. Management has evaluated the accounts and believes they are collectible.

F. Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical costs exist. SAC capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Meters	30 years
Valves	40 years
Vault Covers	40 years

G. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect SAC's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the SAC's own data.

Santiago Aqueduct Commission

Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies (continued)

H. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

I. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

(2) Cash and Investments

Cash and investments as of June 30, 2020 consist of the following:

Deposits with financial institution	\$ 127,152
Local Agency Investment Fund	<u>283,195</u>
Total cash and investments	<u><u>\$ 410,347</u></u>

Santiago Aqueduct Commission

Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Investments (continued)

Investments Authorized by the California Government Code

The following table identifies the investment types that are authorized for SAC by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by a bond trustee governed by the provisions of debt agreements of SAC, rather than the general provisions of the California Government Code.

<u>Authorized Investment type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Orange County Treasury Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization.

Santiago Aqueduct Commission

Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The remaining maturity of SAC's LAIF investment is 12 months or less.

Investment in State Investment Pool

SAC is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of SAC's investment in this pool is reported in the accompanying financial statements at amounts based upon SAC's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. SAC categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The LAIF investment is not subject to the fair value measurement classification.

(3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Balance at <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2020</u>
Capital assets, being depreciated:				
Meters	\$ 50,788	\$ -	\$ -	\$ 50,788
Bypass valve	63,609	-	-	63,609
Vault covers	56,543	-	-	56,543
Sub-total	<u>170,940</u>	<u>-</u>	<u>-</u>	<u>170,940</u>
Less accumulated depreciation:				
Meters	(50,788)	-	-	(50,788)
Bypass valve	(38,166)	(1,591)	-	(39,757)
Vault covers	(33,260)	(1,413)	-	(34,673)
Sub-total	<u>(122,214)</u>	<u>(3,004)</u>	<u>-</u>	<u>(125,218)</u>
Total capital assets, net	<u>\$ 48,726</u>	<u>\$ (3,004)</u>	<u>\$ -</u>	<u>\$ 45,722</u>

To the Board of Directors
Santiago Aqueduct Commission

We have audited the financial statements of the Santiago Aqueduct Commission (Commission) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Commission's financial statements were:

- Management's judgment of which expenses are capital versus maintenance.
- Estimates involving which expenses to be accrued as of the year end.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
November 17, 2020

Board of Directors
Santiago Aqueduct Commission

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the Santiago Aqueduct Commission (the "Commission") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was

not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Farr LLP

Irvine, California
November 17, 2020

December 17, 2020
Prepared by: C. Clary
Approved by: Paul A. Cook *P.A.C.*

SANTIAGO AQUEDUCT COMMISSION

ADOPTION OF AUTHORITY BANKING RESOLUTION AND
CERTIFICATE OF INCUMBENCY AND
DEPOSIT ACCOUNT DOCUMENTATION SIGNATURE CARD

SUMMARY:

On September 17, 2015, the Santiago Aqueduct Commission appointed Ms. Cheryl Clary as Treasurer of the Commission. The Treasurer administers the Commission's financial management function and signs checks on its behalf. Currently, Ms. Clary is the only authorized signer on the Commission's Bank of America bank account. Staff recommends adding authorized signers to facilitate banking transactions in the event of an absence.

The Treasurer has provided an updated Deposit Account and Treasury Management Services Banking Resolution and Certificate of Incumbency and an updated Deposit Account Documentation Signature Card to add the authorized signers. The Resolution and Certificate of Incumbency names the General Manager and Treasurer as Authorized Signers who can establish new accounts, close accounts and enter into agreements for treasury/cash management services. The Deposit Account Documentation Signature Card names the General Manager, Engineer, and Treasurer as Designated Account Signers. These documents will supersede all prior banking resolutions and deposit account documentation signature cards with Bank of America.

RECOMMENDATION:

That the members of the Santiago Aqueduct Commission authorize the General Manager, Engineer, and Treasurer of the Commission as Designated Account Signers on the Commission's Bank of America Deposit Account and Treasury Management Services Banking Resolution and Certificate of Incumbency, and Deposit Account Documentation Signature Card.

LIST OF EXHIBITS:

Exhibit "A" – Banking Resolution and Certificate of Incumbency
Exhibit "B" – Deposit Account Documentation Signature Card

Note: This page is intentionally left blank.

Banking Resolution and Certificate of Incumbency

Note: Please enable Macros**CLIENT INFORMATION****Please select one of the following options:**

- ☐ New Resolution/Incumbency
- ☐ Update Incumbency (*Used to Add or Delete individual authorized signers*)
- ☒ Supersede Resolution/Incumbency (*Replaces any and all prior banking resolutions*)

ORGANIZATION LEGAL NAME (Must match legal name indicated in company formation documents)

Santiago Aqueduct Commission

- **This Banking Resolution and Certificate of Incumbency will apply to all accounts the Organization maintains with us.**

- **The Organization adopts the following Banking Resolution and Certificate of Incumbency (with specimen signatures)***

The undersigned certifies that:

1) Any individual (each an "Authorized Signer") with any of the following Titles

Title: Treasurer**Title:** General Manager**Title:**

Add Row

is authorized, acting alone, including by electronic signature, electronic record or other electronic form, (a) to establish accounts from time to time for the Organization at Bank of America, N.A. (the "Bank"), as well as to operate and close such accounts, (b) to enter into any and all agreements and transactions contemplated by the provision of treasury management services by the Bank, including but not limited to Electronic Funds Transfer Services, and (c) designate persons to operate each such accounts including closing the account, and to designate persons to act in the name and on behalf of the Organization/Client with respect to the establishment and operation of treasury management services.

2) the person whose signature, name, and title appear in the "AGREEMENT, TAX INFORMATION CERTIFICATION and AUTHORIZATION" section of the Deposit Account Documentation Signature Card or Amendment to Signature Card ("Signature Card") and those persons listed below on the Incumbency Certificate, are Authorized Signers who are authorized, including by electronic signature, electronic record or other electronic form, to establish accounts and to designate persons to operate each such account and to execute contracts and agreements (including treasury management service agreements, including but not limited to Electronic Funds Transfer Agreements) with the Bank and that the signatures of such Authorized Signers are genuine.

3) the persons who signed in the Designated Account Signers section of the Signature Card or Amendment to Signature Card are authorized to operate any accounts opened with the deposit account documentation unless otherwise noted on the Signature Card, and that the signatures of such Designated Account Signers are genuine.

4) the foregoing is a complete, true and correct copy of the banking resolutions adopted by the Board of Directors, the Members or the General Partners, Commission, Council or Governing Board as applicable, of the Organization, government entity or authority and that the resolutions are still in full force and effect and have not been amended or revoked and do not exceed the objects or powers of the Organization, government entity, authority or the powers of its management or Governing Board, Commission or Council.

Incumbency Certificate:

Add/Delete	Name	Title	Signature
Add	Cheryl Clary	Treasurer	
Add	Paul Cook	General Manager	
Select One			

Add Row

* If you choose to provide your own Banking Resolution and Certificate of Incumbency (with specimen signatures), it must be attached to the signature card.

This Banking Resolution and Certificate of Incumbency must be signed as follows:

- **Corporations:** Secretary or assistant secretary of the company must sign.
- **Any Partnership type:** One of the general partners must sign. If the general partner is an organization, show the name of the general partner and include capacity of signer.
- **Limited Liability Company:**
 - **Member Managed LLC:** One of the members or an officer of the company must sign. If the member or manager is an organization, show the name of the member or manager and include capacity of signer.
 - **Manager Managed LLC:** The manager or managers or an officer authorized of the company must sign. If the member or manager is an organization, show the name of the member or manager and include capacity of signer.

<ul style="list-style-type: none">• Other unincorporated organizations: An officer of the organization who is authorized by the by-laws or operating agreement of the company must sign.• Government entities, authorities or agencies: An authorized signer of the government entity/authority who is authorized by the statutes must sign.			
In Witness Whereof, I have hereunto set my hand as (title) of the Organization listed above			
Title: Treasurer			
Type or Print Name of Certifying Individual Cheryl Clary			
Name of Company who is General Partner or Member, leave blank if not applicable. (Type or print Name of company including the legal name of any member, managing member, manager, or general partner who is signing and who is not an individual)			
Signature:		Date:	

I. Account Information			
Select One:	<input type="checkbox"/> Replace all Existing Signature Card and Amendment to Signature Card with this card	<input type="checkbox"/> New Account	
Account #: <small>(If new account, Bank will complete)</small>			
Primary Purpose of Account: <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <small>*Does not apply to Certificates of Deposit</small> </div> <div style="width: 30%;"> <input type="checkbox"/> General Business Operations <small>(payables, receivables, payroll, taxes)</small> </div> <div style="width: 30%;"> <input type="checkbox"/> Money Services Business** </div> <div style="width: 10%;"> <input type="checkbox"/> Casinos or Gaming** </div> </div>			
<small>**Additional information may be required prior to opening an account.</small>			
Account Holder Legal Name: <small>(Must match exact name on Formation Documents)</small>			State of Formation:
<input type="checkbox"/> Owner Business Name of Disregarded Entity: <small>(Must match 1st line of W9)</small>			
<input type="checkbox"/> Third Party/Funds Owner: <small>(if applicable, W-9/W-8 required from Third Party/Funds Owner)</small>			
<input type="checkbox"/> DBA Name: <small>(Must provide copy of fictitious filing)</small>			
Optional Descriptive Account Title:			
Statement Address:			
City:	State:	Country:	Postal Code:
II. Business Type			
<div style="display: flex; flex-wrap: wrap;"> <div style="width: 25%;"><input type="checkbox"/> Corporation</div> <div style="width: 25%;"><input type="checkbox"/> Sole Proprietorship</div> <div style="width: 25%;"><input type="checkbox"/> Joint Venture</div> <div style="width: 25%;"><input type="checkbox"/> Limited Liability Partnership</div> <div style="width: 25%;"><input type="checkbox"/> General Partnership</div> <div style="width: 25%;"><input type="checkbox"/> Limited Partnership</div> <div style="width: 25%;"><input type="checkbox"/> Unincorporated Organization Association</div> <div style="width: 25%;"><input type="checkbox"/> Government Authority Agency</div> <div style="width: 25%;"><input type="checkbox"/> Other</div> <div style="width: 25%;"><input type="checkbox"/> Limited Liability Company-Manager</div> <div style="width: 25%;"><input type="checkbox"/> Limited Liability Company-Member</div> <div style="width: 25%;"><input type="checkbox"/> Limited Liability Company-Sole Member</div> </div>			
III. Designated Accounts Signers			
Printed Name	Signature	Signer Limited to Check Signing ONLY*	
		<input type="checkbox"/>	
		<input type="checkbox"/>	
		<input type="checkbox"/>	
		<input type="checkbox"/>	
		<input type="checkbox"/>	
<small>*If you want a signer to have <i>only</i> check signing authority, you must check the box opposite the signer's name. If box is not checked, a signer will have all authority of a regular designated signer</small>			

Account #:

DEPOSIT ACCOUNT DOCUMENTATION-SIGNATURE CARD

IV. Customer Acknowledgement & Agreement

You begin or continue a deposit account relationship with us by giving us information about your business and by signing this Signature Card. By signing below, you agree to be bound by the terms of the Deposit Account Agreement, this Signature Card and any Amendment to this Signature Card you give us. You authorize each person who has signed in the Designated Account Signer section herein, to operate any account opened under the Signature Card now or in the future. The Deposit Account Agreement we give you is part of your agreement with us regarding the use of your account and it tells you the current terms governing your account. We may change the Deposit Account Agreement at any time and we will inform you of changes that affect your rights and obligations. The Deposit Account Agreement includes a provision for alternative dispute resolution. You certify that all information you may have previously provided to us regarding the beneficial ownership of your organization is, to the best of your knowledge, complete and correct, and to the extent it is not, you are now providing us with updated information as required by law. The authority to operate an account includes authority to: sign checks and other items; give us other instructions, including any form of payment instruction; withdraw funds; deposit items payable to or belonging to you; bind the business in all transactions related to the account now and in the future; and transact other administrative business (including by electronic means) relating to the account such as closing the account. We may pay out funds from your account if the check, item, or other withdrawal instruction is signed by any one of the persons authorized to sign on the account and we will have no liability to you if we do this. If you wish to restrict a designated signer's authority to check signing you must indicate that by checking the appropriate box to the right of their name. We may rely on this authorization for any account opened under this Signature Card until we receive written notice revoking the authorization at the office where we maintain the account, and we have a reasonable time to act upon such notice. You may add or delete authorized signers for this account by submitting an Amendment to this Signature Card at any time. You agree that we will have a reasonable period of time to act upon any such amendment.

For CA Public Funds only: Any person signing this Agreement for the Organization certifies that they are duly authorized to do so as evidenced by attached banking resolution/contract for deposit of moneys or existing banking resolutions/contract for deposit of money on file with us.

V. Consent to Electronic Delivery of Account Material

By signing below, you consent to have documentation regarding your accounts and services delivered through electronic delivery such as secure e-mail or our digital banking portal. Information delivered electronically may include, without limitation, sensitive information about your accounts and services, disclosures and terms governing your accounts and services, and information that could facilitate unauthorized transactions against your accounts. You will ensure the e-mail address used for electronic delivery is secure. You should check this e-mail address or our digital banking portal as important notices may be transmitted periodically. If you would like physical copies of documentation, please contact your service representative.

Printed Name	Title (Certifying individual must be authorized on Banking Resolution, Title MUST match)	Signature	Date
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E-mail Address for electronic delivery (Required for new account opening):

VI. Substitute Form W9 / Certification

(If foreign entity, W-8 required. Section VI leave blank.)

1. Name (as shown on your income tax return) do not leave this line blank.

2. Business name/disregarded entity name, if different from above

3. ☐ Employer Identification Number

☐ Social Security Number

4. Federal Tax Classification; check only ONE of the following seven boxes

☐ Individual /sole proprietorship or single member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=corporation, S=S corporation, P=partnership)

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions from IRS)

Exemptions (Codes apply only to certain entities, not individuals)
Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

(Applies to accounts maintained outside the U.S.)

Under penalties of perjury, I certify that: 1) the employer identification number or social security number shown on this form for this account holder is correct (or the account holder is waiting for a number to be issued); and 2) the account holder is not subject to backup withholding because: (a) the account holder is exempt from backup withholding, or (b) the account holder has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified the account holder that it is no longer subject to backup withholding; and 3) the account holder is a United States person (defined below*); and 4) The FATCA code(s) entered on this form (if any) indicating that the organization is exempt from FATCA reporting is correct.

Certification instructions: Cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

* If the organization listed above is a foreign entity use the applicable IRS Form W-8 (for additional information please see IRS instructions). The term "United States person" means a citizen or resident of the United States; a partnership created or organized in the United States or under the laws of the United States or of any State; a corporation created or organized in the United States or under the laws of the United States; or of any state or any estate or trust other than a foreign estate or foreign trust.

By signing below, the account holder agrees to be bound by the above Tax Information Certification.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Printed Name	Title	Signature	Date
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