



# COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON HYDE  
Chief Engineer and General Manager

November 25, 2015

File: 31-150.13.10

Boards of Directors  
County Sanitation District No. 27 and  
Newhall Ranch Sanitation District  
of Los Angeles County

Directors:

The consolidated agenda includes the following items for the regular meetings of the Boards of Directors of the Districts meeting Tuesday, December 8, 2015.

1. Certificate of Presiding Officer/Chairperson Pro Tem. The new Chair and Chair Pro Tem of the Board of Supervisors automatically become the Chairperson and Chairperson Pro Tem of the Boards of Directors of these Sanitation Districts.

2. Minutes. Copies of the minutes have been provided to each of the Directors.

3. District Expenses. Local District expenses represent costs incurred for operations, maintenance, and capital projects that are the sole responsibility of the individual District. The District's share of allocated expenses represent their proportionate share of expenses made by District No. 2, the administrative District, on behalf of the individual districts that participate in either the Joint Administration Agreement or the Joint Outfall Agreement. These Agreements provide for the management of the operations, maintenance, and capital costs associated with all of the shared facilities along with the methodology for determining the proportionate costs for each participating district.

Local District Expenses:	
Operations & Maintenance (O & M)	\$44,847.15
Capital	40,979.72
District No. 27's Share of Allocated Expenses for O & M and Capital:	
Joint Administration	2,057.99
Technical Support	1,170.33
Total Expenses	<u>\$89,055.19</u>

Local District Expenses:	
Operations & Maintenance (O & M)	\$47,785.49
Capital	1,428.46
Newhall Ranch Sanitation District's Share of Allocated Expenses for O & M and Capital:	
Joint Administration	2,060.18
Technical Support	1,177.99
Total Expenses	<u>\$52,452.12</u>

4. Investment Policy. The District's investment policy requires that the Board of Directors annually review and approve the policy, which action also delegates authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or

exchange securities. It is recommended that no changes be made to the policy (copy attached). Pursuant to the existing policy, the matter was discussed with the Personnel Committee, comprised of the Chairs of all the Districts' Boards, which unanimously concurred with the recommendation to approve the policy.

5. Standard Specifications for Public Works Construction. The *Standard Specifications for Public Works Construction*, commonly known as the "Greenbook", is written by a committee of contractors, utilities and public agencies, including the Districts. The 2015 edition, which replaces the 2012 edition, is now available. The new edition reflects editorial changes and updates construction specifications to meet current practices. The *District Amendments* address specific construction practices pertaining to wastewater and solid waste management projects as well as contractual provisions pertinent to District construction activity. The *Standard Drawings for Construction* contain details of items commonly used in District construction projects.

Very truly yours,



Grace Robinson Hyde

GRH:rza  
Enclosures

Notice and Agenda

REGULAR MEETINGS — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 27/  
NEWHALL RANCH SANITATION DISTRICT

To be held in the HEARING ROOM  
OF THE BOARD OF SUPERVISORS  
Kenneth Hahn Hall of Administration, Los Angeles, California

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TUESDAY		December 8, 2015		At 9:30 A.M.
ANTONOVICH	KNABE	SOLIS (Chairperson)	KUEHL	RIDLEY-THOMAS

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1. Recommendation: Receive and order filed certificate of the Presiding Officer of the Board of Supervisors and the action electing the Chairperson Pro Tem.
2. Recommendation: Approve minutes of the regular meetings held June 9, 2015.
3. Recommendation: Approve May, June, July, estimated August, estimated September, and estimated October 2015 expenses in total amounts of \$89,055.19 (District No. 27) and \$52,452.12 (NRSD).
4. Recommendation: Approve the Investment Policy for County Sanitation District No. 27 and Newhall Ranch Sanitation District.
5. Recommendation: Adopt *Standard Specifications for Public Works Construction, 2015 Edition*, the *District Amendments* Thereto, and *Standard Drawings for Construction, 2015 Edition*.

Adjourn

**INVESTMENT POLICY \***

**County Sanitation District No. 27  
of  
Los Angeles County**

**December 2015**

\* Districts Nos. 17, 27 and Newhall Ranch Sanitation District have all adopted investment policies with the same provisions.

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# **Investment Policy**

## **County Sanitation District No. 27 of Los Angeles County**

### **Policy Statement:**

This investment policy of County Sanitation District No. 27 of Los Angeles County (District) provides for the prudent investment of the District's funds and the effective management of investment activities. It is intended that this policy cover all investment activities under the direct control of the District.

### **Prudent Investor Standard:**

This policy shall be implemented in accordance with the standard for governing bodies or persons authorized to make investment decisions on behalf of public bodies. This standard is set forth in Section 53600.3 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law”.

### **Authority:**

By prior action of the District's Board of Directors the Chief Engineer and General Manager is the Fiscal Officer of the District and by this action is formally appointed Treasurer of the District. The District's Board of Directors hereby delegates to the Treasurer the authority to manage, deposit and invest District funds in accordance with this policy and all provisions of law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report to this Board in accordance with the requirements of law and this investment policy.

### **Investment Objectives:**

This policy shall also be implemented in accordance with the legislative direction concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

**Safety of Principal:** In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.

**Liquidity:** In order to meet the District’s liquidity needs, investments shall be made so that maturity dates are compatible with cash flow requirements and, when required, permit easy and rapid conversion into cash.

**Return on Investments:** Investments shall be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

### **Investment Placement and Investments Allowed:**

The District Treasurer may invest District funds in the County of Los Angeles Pooled Surplus Investment Fund (PSIF), the State of California Local Agency Investment Fund (LAIF), and in specific investments in accordance with this policy and applicable law. Investments in the PSIF typically consist of those funds required to cover the District’s short term operating needs. All other funds will be placed in LAIF or in specific investments purchased through the Los Angeles County Treasurer. Allowable specific investments shall be the same as those identified in the Los Angeles County Treasurer and Tax Collector’s Investment Policy. The District Treasurer is further authorized to purchase medium term corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States. Each medium term security shall be rated AA or higher by Standard & Poor’s, Moody’s, or Fitch rating services and all medium term investments in aggregate may not exceed 30% of District funds. The percentage limitations referred to above shall be determined at the time the investment is made. For purposes of calculating such percentages, District funds shall be deemed to include all cash and investments of the District as reflected in the District’s most recent books of account.

The District Treasurer shall continuously evaluate the District’s cash flow requirements and when it is determined that funds are available for longer term investments, the District Treasurer shall, after conferring with the Los Angeles County Treasurer, purchase specific investments through the Los Angeles County Treasurer consistent with the financial needs of the District.

**Investment Safekeeping:**

With respect to specific investments, to ensure a high degree of internal safety all certificates or other evidence of securities or other investments purchased for the District shall be held for safekeeping by the Los Angeles County Treasurer, in a manner that reflects the District's ownership.

**Maximum Maturities:**

The District Treasurer shall match investments with anticipated cash flow requirements. The District Treasurer will not invest in securities maturing more than five (5) years from the date of purchase unless approved by the District's Board of Directors, either specifically or as a part of an investment program, at least three (3) months prior to purchase.

**Reporting Requirements:**

In accordance with Government Code Section 53646, the District Treasurer shall prepare and submit a quarterly report to the Board of Directors. The quarterly report shall comply with applicable law and shall in any event include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in state or local county pools will be included with a summary of its most recent investment statement.

**Internal Control:**

In addition to the certified public accountant's yearly independent audit of the District, quarterly-audits of the investment portfolio shall be conducted by the District's Internal Auditor to ensure compliance with the investment policy and procedures provided for hereby.

**Investment Policy Adoption:**

This policy shall be reviewed on an annual basis and any modifications made thereto shall be approved by the District's Board of Directors. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairperson of each Board) for its consideration.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_ .



# **INVESTMENT POLICY \***

## **Newhall Ranch Sanitation District of Los Angeles County**

**December 2015**

\* Districts Nos. 17, 27 and Newhall Ranch Sanitation District have all adopted investment policies with the same provisions.

# **Investment Policy**

## **Newhall Ranch Sanitation District of Los Angeles County**

### **Policy Statement:**

This investment policy of Newhall Ranch Sanitation District of Los Angeles County (District) provides for the prudent investment of the District's funds and the effective management of investment activities. It is intended that this policy cover all investment activities under the direct control of the District.

### **Prudent Investor Standard:**

This policy shall be implemented in accordance with the standard for governing bodies or persons authorized to make investment decisions on behalf of public bodies. This standard is set forth in Section 53600.3 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law”.

### **Authority:**

By prior action of the District's Board of Directors the Chief Engineer and General Manager is the Fiscal Officer of the District and by this action is formally appointed Treasurer of the District. The District's Board of Directors hereby delegates to the Treasurer the authority to manage, deposit and invest District funds in accordance with this policy and all provisions of law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report to this Board in accordance with the requirements of law and this investment policy.

### **Investment Objectives:**

This policy shall also be implemented in accordance with the legislative direction concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

**Safety of Principal:** In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.

**Liquidity:** In order to meet the District’s liquidity needs, investments shall be made so that maturity dates are compatible with cash flow requirements and, when required, permit easy and rapid conversion into cash.

**Return on Investments:** Investments shall be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

### **Investment Placement and Investments Allowed:**

The District Treasurer may invest District funds in the County of Los Angeles Pooled Surplus Investment Fund (PSIF), the State of California Local Agency Investment Fund (LAIF), and in specific investments in accordance with this policy and applicable law. Investments in the PSIF typically consist of those funds required to cover the District’s short term operating needs. All other funds will be placed in LAIF or in specific investments purchased through the Los Angeles County Treasurer. Allowable specific investments shall be the same as those identified in the Los Angeles County Treasurer and Tax Collector’s Investment Policy. The District Treasurer is further authorized to purchase medium term corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States. Each medium term security shall be rated AA or higher by Standard & Poor’s, Moody’s, or Fitch rating services and all medium term investments in aggregate may not exceed 30% of District funds. The percentage limitations referred to above shall be determined at the time the investment is made. For purposes of calculating such percentages, District funds shall be deemed to include all cash and investments of the District as reflected in the District’s most recent books of account.

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**Internal Control:**

In addition to the certified public accountant's yearly independent audit of the District, quarterly-audits of the investment portfolio shall be conducted by the District's Internal Auditor to ensure compliance with the investment policy and procedures provided for hereby.

**Investment Policy Adoption:**

This policy shall be reviewed on an annual basis and any modifications made thereto shall be approved by the District's Board of Directors. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairperson of each Board) for its consideration.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_ .