

Agenda

Sacramento Suburban Water District Finance and Audit Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Tuesday, November 1, 2016
2:00 p.m.

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to the Committee members less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Committee concerning any item of interest. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at (916) 679-3972. Requests must be made as early as possible and at least one-full business day before the start of the meeting.

Call to Order

Roll Call

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Items for Discussion and Action

1. 2016 Audit Engagement Letter and Contract
Discussion and possible action on the proposed Audit Engagement Letter and Contract with Richardson and Company.
2. 2009B COPs Refunding Opportunity
Discussion on possible refunding opportunity for the 2009B COPs.
3. Treasury Management Services Provider
Receive staff report on the District's treasury management services and direct staff as appropriate.

4. Director Compensation and Travel Reimbursement Reporting
Receive written staff report and direct staff as appropriate.

Adjournment

Upcoming Meetings:

Monday, November 21, 2016 at 6:30 p.m., Regular Board Meeting
Friday, December 9, 2016 at 2:00 p.m., Facilities and Operations Meeting

I certify that the foregoing agenda for the November 1, 2016, meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by October 28, 2016, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: October 28, 2016

Subject: 2016 Audit Engagement Letter and Contract

Staff Contact: Daniel A. Bills, Finance Director

Recommended Committee Action:

Recommend approval of the 2016 Audit Engagement Letter and Contract with Richardson & Company, LLP to the full Board of Directors and request authorization for the Finance and Audit Committee Chair (Director Thomas) to execute the Engagement Letter and Contract.

Discussion:

The District has received the “Engagement Letter” for the December 31, 2016 audit from Richardson & Company, LLP (Exhibit 1.) The Engagement Letter serves as the contract agreement between the District and the auditors for the current year’s audit and is renewable annually. Commensurate with the terms of the Engagement Letter, staff has prepared a District Contract (Exhibit 2) for execution as well.

Staff has reviewed the Engagement Letter and confirmed it meets all the services requested by the Board in previous years, including the expanded expenditure testing the District has requested for the past eleven years over and above that required for a standard public agency audit (see the second paragraph on page 2 of the Engagement Letter) and the Federal Grant Single Audit. As noted on page 9 of the Engagement Letter, the cost of the expanded testing will be \$6,240, while the cost for the Single Audit will be \$4,100.

Per the District’s “Engagement of Auditor Policy” (PL – Fin 001), “the Finance and Audit Committee is responsible for recommending the District’s independent auditor to the full Board for appointment and compensation, and administering the relationship between the District and independent auditor during the course of the audit...” Therefore, the Finance and Audit Committee will review audit results as the audit progresses. At the conclusion of the audit, the auditors will provide a report to the Finance and Audit Committee and the Board of Directors.

Fiscal Impact:

\$44,540 for the audit, comprised of \$34,200 for the financial statement audit, \$6,240 for the additional procedures requested by the District and \$4,100 for the Federal Grant Single Audit.

Strategic Plan Alignment:

Finance – 4.G. Produce annual financial statements and supporting documentation to allow outside auditors to provide the District with unqualified audit opinions.



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October 6, 2016

Finance and Audit Committee
Sacramento Suburban Water District
3701 Marconi Avenue
Sacramento, California 95821

We are pleased to confirm our understanding of the services we are to provide the Sacramento Suburban Water District (the District). We will audit the financial statements, including the notes to the financial statements which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2016. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Schedule of funding progress for the other postemployment benefits plan
2. Schedule of Proportionate Share of the Net Pension Obligation
3. Schedule of Contributions to the Pension Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal grants (if applicable).

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Transmittal Letter
2. Statistical Section

At the request of the District, we will perform additional procedures by expanding the scope of our expense testing to include additional sample sizes for general cash disbursements, payroll disbursements, wire and ACH transfers, petty cash, and purchasing card payments. This testing will include verifying payments to the District employees and Board members on a sample basis. Payment verification will include verifying the pay rates for at least one period of senior management, finance staff, anyone involved in the payroll processing function and a sample of ten other employees. The results of our work will be reported in the governance letter issued as part of the audit.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that

states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement, or may withdraw from the engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal grants and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal grants received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal grants (including notes and noncash assistance received) in accordance with the requirements of Uniform Guidance.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional

information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management's responsibilities also include, including identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for preparation of the schedule of expenditures of federal grants (including notes and noncash assistance received) in conformity with Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal grants in any document that contains and indicates that we have reported on the schedule of expenditures of federal grants. Management also agrees to make the audited financial statements readily available to intended users of the schedule of expenditures of federal grants no later than the date the schedule of expenditures of federal grants is issued with our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) Management is responsible for presentation of the schedule of expenditures of federal grants in accordance with Uniform Guidance; (2) Management believes the schedule of expenditures of federal grants, including its form and content, is fairly presented in accordance with Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal grants.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information.

Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) Management is responsible for presentation of the supplementary information in accordance with GAAP; (2) Management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the

appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about their responsibilities for the financial statements; schedule of expenditures of federal grants; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. Because of the importance of oral and written management representations to an effective audit, the District releases and indemnifies Richardson & Company, LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the District.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and Uniform Guidance.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the *Uniform Guidance Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Uniform Guidance.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal grants, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The workpapers for this engagement are the property of Richardson & Company, LLP and constitute confidential information. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally accepted auditing standards. The firm will make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the District, upon the District's written request or consent. Access to such workpapers will be provided under the supervision of Richardson & Company personnel at a location designated by our Firm. Furthermore, upon your request or consent, we may provide photocopies of selected workpapers to the successor auditors or others. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the District.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the District intends to publish or otherwise reproduce in any document our report on the District's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the District agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the District to reissue our report or to consent to its inclusion or incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section of this letter.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distributed information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Ingrid Shepline will serve as the engagement partner and is responsible for supervising the engagement and may sign the auditor's reports or authorize another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our current peer review report accompanies this letter.

Professional Fees

Our total not-to-exceed cost for the year ended December 31, 2016 is as follows:

Financial Audit	\$ 33,200
Additional fee for auditing net pension liability and related disclosures	1,000
Single Audit, one major program	4,100
Additional Procedures	<u>6,240</u>
Total	<u>\$ 44,540</u>

The fees quoted include ten hours per year for occasional consultation with auditing and tax staff regarding accounting, sales tax, arbitrage liabilities or other issues that might arise at the District during the year.

Changes in Scope That Could Result in a New Fee Arrangement: In the event that the scope of the audit increases due to changes in accounting or auditing pronouncements and standards, laws or regulations, material weaknesses in the internal control environment, the loss of key accounting personnel or significant changes in the scope of the District's operations, we will discuss the situation with you and arrive at a new mutually agreed upon fee arrangement.

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the District, if any, will be based on a rate per hour by staff classification as follows:

<u>Classification</u>	<u>Rate Per Hour</u>
Partner	\$ 180
Senior Manager	120
Managers and Supervisors	110
Seniors	100
Staff	80

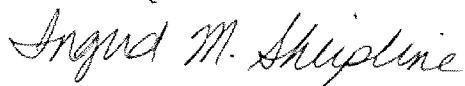
If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

Sacramento Suburban Water District
October 6, 2016
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We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid Sheipline, CPA
Managing Partner

Response:

This letter correctly sets forth the understanding of the Sacramento Suburban Water District and is signed by the officer authorized by the Board of Directors to enter into this agreement on the District's behalf.

By: _____ Title: _____

Date: _____



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System Review Report

July 15, 2015

To the Partners of
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Richardson & Company, LLP** has received a peer review rating of *pass*.

Davis Kinard & Co, PC

Certified Public Accountants

**AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT
AND RICHARDSON & COMPANY, LLP FOR SERVICES RELATING TO
2016 ANNUAL ADUIT**

THIS AGREEMENT is made this _____, 2016, in Sacramento, California, between the Sacramento Suburban Water District ("District"), a California public agency, and Richardson & Company, LLP, a public accounting firm ("Consultant"), concerning the District's 2016 annual audit (the "Work"). The parties agree as follows:

1. Scope of Work. Consultant shall perform the work described in Exhibit A attached hereto and incorporated herein, and described as follows: 2016 annual audit (the "Work"). Consultant shall: (a) provide all labor, equipment, material and supplies required or necessary to properly, competently, and completely perform the Work under this Agreement; and (b) determine the method, details and means of doing the Work.

2. Compensation.

a. In exchange for the Work, District shall pay to Consultant a fee based on the fee arrangement described on Exhibit A attached hereto and incorporated herein.

b. The total fee for the Work shall not exceed \$44,540.00. There shall be no compensation for extra or additional work or services by Consultant unless approved in advance in writing by District. Consultant's fee shall include all of Consultant's costs and expenses related to the Work.

c. At the end of each month, Consultant shall submit to District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, District shall pay the invoice within 30 days of its receipt.

3. Term and Termination.

a. This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. Consultant shall perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

b. This Agreement may be terminated at any time by District upon 10 days' advance written notice to Consultant. In the event of such termination, Consultant shall be fairly compensated for all work performed to the date of termination as calculated by District based on the above fee and payment provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Consultant's claimed benefit of the bargain.

4. Professional Ability of Consultant. Consultant represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. District has relied upon Consultant's training, experience, skill,

Exhibit 2

ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Consultant shall meet the standard of care and quality ordinarily to be expected of competent professionals in Consultant's field.

5. Conflict of Interest. Consultant (including its principals, associates and professional employees) represents and acknowledges that: (a) it does not now and shall not acquire any direct or indirect investment, interest in real property or source of income in the area covered by this Agreement or that would be affected in any manner or degree by the performance of Consultant's services under this Agreement; and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Consultant is not a designated employee within the meaning of the Political Reform Act and District's conflict of interest code because Consultant will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Consultant possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel. Consultant shall not engage in any conduct or other employment or business that would be incompatible with or unreasonably interfere with its obligations under this Agreement, that would create a conflict of interest, or that would reflect unfavorably upon the interests of District.

6. Consultant Records.

a. Consultant shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and charges for services, expenditures and disbursements for the Work for a minimum period of three years (or for any longer period required by law) from the date of final payment to Consultant under this Agreement. District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

b. In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the State Auditor General for three years following final payment under the Agreement.

7. Ownership of Documents.

a. Every report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, GIS data file, computer software and any other document or thing prepared by Consultant under this Agreement and provided to District ("Work Product") shall be the sole and exclusive property of District, and District shall have the perpetual, world-wide right to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Consultant or any other party. Consultant may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Consultant shall not provide any Work Product to any third party without District's prior written approval, unless compelled to do so by legal process.

b. If any Work Product is copyrightable, Consultant may copyright the same, except that, as to any Work Product that is copyrighted by Consultant, District reserves a royalty-free, nonexclusive, world-wide, and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If District reuses or modifies any Work Product for a use or purpose other than

Exhibit 2

that intended by the scope of work under this Agreement, then District shall hold Consultant harmless against all claims, damages, losses and expenses arising from such reuse or modification.

c. For Work Product provided to District in paper format, upon request by District, Consultant agrees to provide the Work Product to District in an appropriate and usable electronic format (e.g., Word file, Excel spreadsheet, Adobe pdf, AutoCAD file).

8. Compliance with Laws; Safety of Work.

a. Consultant shall perform the Work in compliance with all applicable federal, California, and local laws and regulations, including applicable anti-discrimination and anti-harassment laws, and to give all notices required by any such law or regulation. Consultant also shall possess, maintain and comply with all federal, state and local permits, licenses, certificates, and approvals that may be required for it to perform the Work. In accordance with California Code of Regulations Title 13, section 2022.1(g), Consultant shall comply with all federal, state and local air pollution control laws and regulations applicable to the Consultant and its Work.

9. Confidentiality of Documents and Information. Consultant shall keep in strict confidence all Work Product and other documents and information provided to, shared with or created by Consultant in connection with the performance of the Work under this Agreement or during its time as a District consultant (collectively "Information"). Consultant shall not use any Information for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by District. Consultant shall not disclose any Information to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in advance in writing by District.

10. Professional Liability Insurance. Consultant shall maintain professional liability insurance as shall protect against claims based on alleged errors or negligent acts or omissions which may arise from the Work or from Consultant's operations or performance under this Agreement, whether any such claim is made during or subsequent to the term of this Agreement, and whether such operations or performance be by Consultant or its employees, subcontractors, agents or anyone else employed by any of the foregoing. Coverage is to be endorsed to include contractual liability. The amount of this insurance shall not be less than \$2,000,000 per claim and \$2,000,000 aggregate. Said policy shall be continued in full force and effect during the term of this Agreement and for a period of five years following the completion of the Work. In the event of termination of said policy, new coverage shall be obtained for the required period to insure for the prior acts of Consultant during the course of performing services under the terms of this Agreement. Consultant shall provide to District a certificate of insurance on a form acceptable to the District indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates within 10 days after expiration of each policy term. Any deductible or self-insured retention must not exceed \$50,000, unless authorized in writing by District prior to Consultant beginning the Work. The insurance is to be placed with insurers licensed to do business by and in good standing with the California Department of Insurance, with a current A.M. Best's rating of A:VII or better unless otherwise approved in advance by District.

11. General Insurance.

a. Consultant, at its sole cost and expense, shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

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Type	Limits	Scope
Commercial General Liability	\$1,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for general liability, blanket contractual liability, bodily injury, personal injury and property damage.	At least as broad as ISO Occurrence Form CG 0001.
Automobile Liability	\$1,000,000 per accident for bodily injury, including death, and property damage.	At least as broad as ISO Business Auto Coverage Form CA 0001 (Code 1, any auto).
Workers' Compensation	California statutory limits.	
Employer's Liability	\$1,000,000 per accident for bodily injury or disease.	

b. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the Work/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to District), or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.

c. The general liability and automobile liability policies will be endorsed to name District, and its directors, officers, employees, authorized volunteers, and agents, as additional insureds regarding liability arising out of this Agreement using an ISO endorsement form at least as broad as CG 2010 1185 or both CG 20 37 and CG 20 38 04 13 forms (if later revisions used) as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; and automobiles owned, leased, hired or borrowed by Consultant. The policies shall contain no special limitations on the scope of protection afforded to District, and its directors, officers, employees, authorized volunteers, and agents.

d. Each insurance policy will be endorsed to state that coverage will not be canceled, except after 30 days' prior written notice to the District (10 days for non-payment of premium).

e. The workers' compensation policy will be endorsed to include a waiver of subrogation against the District and its directors, officers, employees, authorized volunteers, and agents.

f. If Consultant's firm owns no motor vehicles, Consultant agrees to obtain Business Automobile liability insurance in compliance with this Agreement should any motor vehicle be acquired during the term of this Agreement. Such Business Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (3-06 ed.) Code 1, any auto. Non-Owned and Hired Automobile liability insurance is waived if Consultant's firm does not own

Exhibit 2

any motor vehicles and such coverage is provided by a hired and non-owned auto endorsement to the Commercial General Liability policy described in Section 11(a), above.

g. Consultant's coverage will be endorsed to be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and District's insurance or self-insurance, if any, will be excess and will not contribute with Consultant's insurance (at least as broad as ISO endorsement CG 20 01).

h. Insurance is to be written on policy forms acceptable to District and be placed with insurers with a current A.M. Best's rating of A:VII or better and that are admitted to do business and in good standing in California, unless otherwise acceptable upon notice to and approval by District. In the case of Workers' Compensation and Employer's Liability Insurance, coverage provided by the California State Compensation Insurance Fund is acceptable.

i. No later than its execution of this Agreement and then annually thereafter, Consultant will provide to District the following proofs of insurance: (a) certificate(s) of insurance evidencing all required coverages under this Section 11 on Acord Form 25 or insurer's equivalent; and (b) additional insured endorsement(s), signed by an insurer representative evidencing the required coverages and endorsements required hereunder. Consultant may not commence the Work until District has approved all insurance coverages and documentation, unless otherwise agreed by District in writing. District reserves the right to review and reject any certificates or endorsements that are not in compliance with this Section 11 and to require Consultant to obtain the appropriate coverages and amendatory endorsements prior to starting the Work.

j. The requirements as to the types, limits, and District's approval of insurance coverage to be maintained by the Consultant are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Consultant under this Agreement. In addition, in the event any change is made in the insurance carrier, policies or nature of coverage required under this Agreement, Consultant shall notify District prior to making such changes.

k. Consultant shall ensure that all required insurance coverages are maintained throughout the term of this Agreement. If any of the required coverages expire during the term of this Agreement, Consultant shall deliver renewal certificates and any required endorsements to District at least 10 days before the expiration date.

l. Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

m. Insurance deductibles or self-insured retentions must be declared by Consultant, and such deductibles and retentions shall be approved by District before Consultant commences the Work. At the election of District, Consultant shall either: (1) reduce or eliminate such deductibles or self-insured retentions; or (2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

n. Consultant shall, upon demand of District, deliver to District such policy or policies of insurance required under this Section 11 and the receipts for payment of premiums thereon.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall immediately indemnify, defend (with counsel approved by District), protect, and hold harmless District, and its directors, officers, employees, authorized volunteers, and agents from and against any and all actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, damages, liabilities, interest, and costs (including, without limitation, attorney's, expert witness and consultant fees and expenses, fines, penalties, and litigation costs and expenses) of every nature ("claims" or "claim"), arising out of, pertaining to or in any way connected with the negligence, recklessness or willful misconduct of Consultant's, or its employees', agents' or subcontractors', negligence, recklessness or willful misconduct arising out of or in any manner directly or indirectly connected with the Work to be performed under this Agreement, however caused, regardless of any negligence of District, or its directors, officers, employees, authorized volunteers, or agents (including passive negligence), except if caused by the sole negligence or willful misconduct or active negligence of District, or its directors, officers, employees, authorized volunteers, or agents, or as otherwise provided or limited by law.

b. Consultant's obligations under this indemnification provision shall survive the completion of Work under, or the termination of, this Agreement. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in this Agreement does not relieve Consultant from liability under this provision. The obligations of this provision shall apply whether or not such insurance policies shall have been determined to be applicable to any claims.

c. By executing this Agreement, Consultant specifically acknowledges that: (1) the duty to defend provided in this indemnification provision is a separate and distinct obligation from Consultant's duty to indemnify District; (2) Consultant shall defend District and other indemnified parties in any legal, equitable, administrative, or special proceedings asserting a claim covered by this indemnity, including any claims under the Americans with Disabilities Act or other federal or state disability access or discrimination laws; (3) Consultant shall pay and satisfy any judgment, award or decree that may be rendered against District, or its directors, officers, employees, authorized volunteers, or agents, in any and all suits, actions, or other legal or administrative proceedings asserting a claim covered by this indemnity and otherwise not barred by subsection (a) of this Section 12; and (4) Consultant shall reimburse District, or its directors, officers, employees, authorized volunteers, or agents, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

13. Subcontractors. No subcontract shall be awarded nor any subcontractor engaged by Consultant without District's prior written approval. Consultant shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in Sections 10 and 11 of this Agreement. Any approved subcontractor shall be covered by Consultant's insurance in accordance with the insurance requirements of Sections 10 and 11 of this Agreement or such subcontractor shall obtain the required insurance coverages and provide proof of same to District in the manner provided in Section 11 of this Agreement.

14. Independent Contractor. It is expressly understood and agreed by the parties that Consultant's relationship to District is that of an independent contractor. All persons hired by Consultant and performing the Work shall be Consultant's employees or agents. Consultant and its officers, employees, subcontractors, and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Consultant shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance,

Exhibit 2

disability insurance, tax withholding, and benefits to and on behalf of Consultant's employees. Consultant shall, to the fullest extent permitted by law, indemnify District, and its directors, officers, employees, authorized volunteers, and agents, from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the United States Internal Revenue Service, California Franchise Tax Board or other federal or state agency concerning Consultant's independent contractor status.

15. Entire Agreement. This Agreement and the attached exhibits represent the sole, final, complete, exclusive, and integrated expression and statement of the terms of the agreement between District and Consultant concerning the Work. There are no written or oral agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

16. Successors and Assignment. This Agreement shall be binding on, and inure to the benefit of, the heirs, successors, and assigns of the parties. However, Consultant agrees that it will not subcontract, assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of District, which shall be given or refused in the District's sole discretion.

17. Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

18. No Waiver of Rights. Any waiver at any time by either District or Consultant of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by District to Consultant shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

19. Interpretation. District and Consultant each had the opportunity to consult independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, neither party will be deemed to have been its drafter.

20. Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California. The state superior or federal district court where District's office is located shall be venue for any litigation concerning the enforcement or construction of this Agreement.

21. Notices. Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to be properly given if delivered, mailed or sent by facsimile or e-mail in the manner provided in this Section 21, to the following persons:

District:

Sacramento Suburban Water District
Attn: Dan Bills
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

Consultant:

Richardson & Company, LLP
Attn: Ingrid Sheipline
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Exhibit 2

Fax: (916) 972-7639
E-mail: dbills@sswd.org

Fax: (916) 564-8728
E-mail: isheipline@richardsoncpas.com

If sent by mail, any notice, delivery or other communication will be effective or deemed to have been given three days after it has been deposited in the United States mail, with postage prepaid, and addressed as set forth above. If sent by facsimile or e-mail, any notice, delivery or other communication will be deemed to have been given only after it has been confirmed in writing as received. If delivered personally or by commercial overnight delivery service, any such notice, delivery or other communication will be deemed to have been given on the date of delivery. Either party may change that party's address or designated representative by giving written notice of the change to the other party in the manner provided in this Section 21.

23. Consultant represents that it is licensed by the California Board of Accountancy, and that Consultant's license is in good standing and will be kept in good standing during the term of this Agreement.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

SACRAMENTO SUBURBAN
WATER DISTRICT:

Richardson & Company:

By: _____
Kevin M. Thomas
Chair, Finance & Audit Committee

By: _____
Ingrid Sheipline
Managing Partner



Agenda Item: 2

Date: October 27, 2016

Subject: 2009B COPs Refunding Opportunity

Staff Contact: Daniel A. Bills, Finance Director

Recommended Committee Action:

Even though the case is not economically or strategically compelling at this time, due to the opportunity to refund the 2009B COPs and save roughly \$0.4 million per annum through 2028, staff recommends the Committee recommend agendaing the refunding opportunity for the November Board meeting.

Further, staff proposes the Committee recommend utilizing the following financial service firms for the potential refunding, namely – Citigroup Global Markets Inc. as Underwriter and Remarketing Agent; Stradling Yocca Carlson & Rauth, A Professional Corporation as Bond Counsel; Bartkiewicz, Kronick, & Shanahan, A Professional Corporation as General Counsel; Fieldman, Rolapp & Associates as Financial Advisor, and Union Bank of California, N.A. as Trustee; and where appropriate such other firms necessary to complete a potential 2009B COP refunding.

Discussion:

Due to the current low municipal market rate environment, there is an opportunity to advance refund the 2009B COPs and produce an average annual cash flow savings of approximately \$0.4 million per year through 2028. Such savings are achieved through a combination of refinancing to a lower rate (true interest cost of roughly 1.99%) and releasing \$3.5 million of existing debt reserves that are currently outstanding to pay down existing debt. (Debt issuance costs are expected to be \$0.3 million. Presently, \$24.1 million of the original \$36.2 million is outstanding.) Offsetting these savings is the loss of the ability to refund at a tax-exempt rate anytime in the future. If the District were to wait until 2019, it could execute a current refunding and refinance at a tax-exempt rate, however there is the risk market rates could raise over the next 3 years and the potential savings available in this market environment could be lost.

In order to consider a refunding opportunity as financially viable, certain metrics are typically used by the financial community that serve as a minimum threshold. One metric is called "Escrow Efficiency." This metric suggests an economic advantage may be present if the Escrow Efficiency is greater than 70%. The Escrow Efficiency for this proposed transaction is only 60%. The other metric is the Net Present Value or NPV. For this metric an economic advantage may exist if the NPV exceeds 3%. The NPV for this proposed transaction is 6.02%. Thus, there is a refunding case to be made, but it is not compelling.

The preliminary results of the Financing Team are attached and will be presented in the following order:

1. Staff presentation – general overview.
2. Exhibit 1 - Citigroup's analysis of the various debt financing alternatives available to the District.
3. Exhibit 2 - Fieldman, Rolapp and Associates independent review of the analysis prepared by Citigroup as well as other issues for the District to consider concerning its debt management.

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(Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
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SOURCES AND USES OF FUNDS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
Federally Taxable Refunding Revenue Bonds, Series 2016A
(Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
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Sources:

Bond Proceeds:	
Par Amount	20,300,000.00
Other Sources of Funds:	
Funds on Hand - Accrued Interest	453,847.78
	<hr/>
	20,753,847.78

Uses:

Refunding Escrow Deposits:	
Cash Deposit	464,162.92
SLGS Purchases	<u>20,012,731.00</u>
	20,476,893.92
Delivery Date Expenses:	
Cost of Issuance	175,000.00
Underwriter's Discount	<u>101,500.00</u>
	276,500.00
Other Uses of Funds:	
Additional Proceeds	453.86
	<hr/>
	20,753,847.78

BOND SUMMARY STATISTICS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
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Dated Date	10/27/2016
Delivery Date	10/27/2016
Last Maturity	11/01/2028
Arbitrage Yield	1.914939%
True Interest Cost (TIC)	1.988309%
Net Interest Cost (NIC)	1.998248%
All-In TIC	2.115929%
Average Coupon	1.930609%
Average Life (years)	7.392
Duration of Issue (years)	6.895
Par Amount	20,300,000.00
Bond Proceeds	20,300,000.00
Total Interest	2,897,082.55
Net Interest	2,998,582.55
Total Debt Service	23,197,082.55
Maximum Annual Debt Service	3,358,774.50
Average Annual Debt Service	1,931,301.97
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	20,300,000.00	100.000	1.931%	7.392	13,557.05
	20,300,000.00			7.392	13,557.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	20,300,000.00	20,300,000.00	20,300,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-101,500.00	-101,500.00	
- Cost of Issuance Expense		-175,000.00	
- Other Amounts			
Target Value	20,198,500.00	20,023,500.00	20,300,000.00
Target Date	10/27/2016	10/27/2016	10/27/2016
Yield	1.988309%	2.115929%	1.914939%

BOND PRICING

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
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Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	11/01/2017	425,000	0.778%	0.778%	100.000
	11/01/2018	430,000	0.828%	0.828%	100.000
	11/01/2019	435,000	0.878%	0.878%	100.000
	11/01/2020	2,800,000	0.978%	0.978%	100.000
	11/01/2021	2,845,000	1.178%	1.178%	100.000
	11/01/2022	2,870,000	1.245%	1.245%	100.000
	11/01/2023	1,385,000	1.734%	1.734%	100.000
	11/01/2024	1,410,000	1.784%	1.784%	100.000
	11/01/2025	1,445,000	2.100%	2.100%	100.000
	11/01/2026	1,460,000	2.200%	2.200%	100.000
	11/01/2027	1,520,000	2.458%	2.458%	100.000
	11/01/2028	3,275,000	2.558%	2.558%	100.000
		20,300,000			

Dated Date	10/27/2016	
Delivery Date	10/27/2016	
First Coupon	05/01/2017	
Par Amount	20,300,000.00	
Original Issue Discount		
Production	20,300,000.00	100.000000%
Underwriter's Discount	-101,500.00	-0.500000%
Purchase Price	20,198,500.00	99.500000%
Accrued Interest		
Net Proceeds	20,198,500.00	

SUMMARY OF REFUNDING RESULTS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
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Dated Date	10/27/2016
Delivery Date	10/27/2016
Arbitrage yield	1.914939%
Escrow yield	0.822921%
Value of Negative Arbitrage	606,471.19
Bond Par Amount	20,300,000.00
True Interest Cost	1.988309%
Net Interest Cost	1.998248%
Average Coupon	1.930609%
Average Life	7.392
Par amount of refunded bonds	17,700,000.00
Average coupon of refunded bonds	5.274689%
Average life of refunded bonds	7.950
PV of prior debt to 10/27/2016 @ 1.914939%	22,478,819.67
Net PV Savings	1,725,425.75
Percentage savings of refunded bonds	9.748168%
Percentage savings of refunding bonds	8.499634%

SAVINGS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
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Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 10/27/2016 @ 1.9149394%
11/01/2016	464,162.50	453,847.78	10,314.72		10,314.72	10,216.44
11/01/2017	928,325.00		928,325.00	768,865.95	159,459.05	159,142.54
11/01/2018	928,325.00		928,325.00	766,780.70	161,544.30	158,195.17
11/01/2019	928,325.00		928,325.00	768,220.30	160,104.70	153,865.57
11/01/2020	3,288,325.00		3,288,325.00	3,129,401.00	158,924.00	149,884.05
11/01/2021	3,305,325.00		3,305,325.00	3,147,017.00	158,308.00	146,100.38
11/01/2022	3,295,575.00		3,295,575.00	3,138,502.90	157,072.10	141,850.69
11/01/2023	1,778,550.00		1,778,550.00	1,617,771.40	160,778.60	141,991.49
11/01/2024	1,778,975.00		1,778,975.00	1,618,755.50	160,219.50	138,664.38
11/01/2025	1,787,750.00		1,787,750.00	1,628,601.10	159,148.90	134,959.29
11/01/2026	1,775,406.26		1,775,406.26	1,613,256.10	162,150.16	134,705.58
11/01/2027	1,799,406.26		1,799,406.26	1,641,136.10	158,270.16	128,827.39
11/01/2028	3,517,500.00		3,517,500.00	3,358,774.50	158,725.50	126,568.92
	25,575,950.02	453,847.78	25,122,102.24	23,197,082.55	1,925,019.69	1,724,971.89

Savings Summary

PV of savings from cash flow	1,724,971.89
Plus: Refunding funds on hand	453.86
Net PV Savings	1,725,425.75

BOND DEBT SERVICE

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2017	425,000	0.778%	343,865.95	768,865.95
11/01/2018	430,000	0.828%	336,780.70	766,780.70
11/01/2019	435,000	0.878%	333,220.30	768,220.30
11/01/2020	2,800,000	0.978%	329,401.00	3,129,401.00
11/01/2021	2,845,000	1.178%	302,017.00	3,147,017.00
11/01/2022	2,870,000	1.245%	268,502.90	3,138,502.90
11/01/2023	1,385,000	1.734%	232,771.40	1,617,771.40
11/01/2024	1,410,000	1.784%	208,755.50	1,618,755.50
11/01/2025	1,445,000	2.100%	183,601.10	1,628,601.10
11/01/2026	1,460,000	2.200%	153,256.10	1,613,256.10
11/01/2027	1,520,000	2.458%	121,136.10	1,641,136.10
11/01/2028	3,275,000	2.558%	83,774.50	3,358,774.50
	20,300,000		2,897,082.55	23,197,082.55

SUMMARY OF BONDS REFUNDED

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Refunding Revenue Certificates of Participation, 2009B, 2009B:					
SERIAL	11/01/2020	5.000%	2,360,000.00	11/01/2019	100.000
	11/01/2021	5.000%	2,495,000.00	11/01/2019	100.000
	11/01/2022	5.250%	2,610,000.00	11/01/2019	100.000
	11/01/2023	5.250%	1,230,000.00	11/01/2019	100.000
	11/01/2024	5.500%	1,295,000.00	11/01/2019	100.000
	11/01/2025	5.625%	1,375,000.00	11/01/2019	100.000
	11/01/2026	5.625%	1,440,000.00	11/01/2019	100.000
	11/01/2027	5.625%	1,545,000.00	11/01/2019	100.000
	11/01/2028	5.000%	3,350,000.00	11/01/2019	100.000
			17,700,000.00		

ESCROW REQUIREMENTS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Interest	Principal Redeemed	Total
11/01/2016	464,162.50		464,162.50
05/01/2017	464,162.50		464,162.50
11/01/2017	464,162.50		464,162.50
05/01/2018	464,162.50		464,162.50
11/01/2018	464,162.50		464,162.50
05/01/2019	464,162.50		464,162.50
11/01/2019	464,162.50	17,700,000.00	18,164,162.50
	3,249,137.50	17,700,000.00	20,949,137.50

ESCROW DESCRIPTIONS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Oct 27, 2016:						
SLGS	Certificate	05/01/2017	05/01/2017	381,004	0.380%	0.380%
SLGS	Note	11/01/2017	05/01/2017	383,923	0.530%	0.530%
SLGS	Note	05/01/2018	05/01/2017	384,940	0.650%	0.650%
SLGS	Note	11/01/2018	05/01/2017	386,191	0.720%	0.720%
SLGS	Note	05/01/2019	05/01/2017	387,581	0.780%	0.780%
SLGS	Note	11/01/2019	05/01/2017	18,089,092	0.830%	0.830%
				20,012,731		

SLGS Summary

SLGS Rates File	28JUL16
Total Certificates of Indebtedness	381,004.00
Total Notes	19,631,727.00
Total original SLGS	20,012,731.00

ESCROW COST

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	05/01/2017	381,004	0.380%	381,004.00
SLGS	11/01/2017	383,923	0.530%	383,923.00
SLGS	05/01/2018	384,940	0.650%	384,940.00
SLGS	11/01/2018	386,191	0.720%	386,191.00
SLGS	05/01/2019	387,581	0.780%	387,581.00
SLGS	11/01/2019	18,089,092	0.830%	18,089,092.00
			20,012,731	20,012,731.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
10/27/2016	20,012,731	464,162.92	20,476,893.92	0.822921%
	20,012,731	464,162.92	20,476,893.92	

ESCROW CASH FLOW

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Date	Principal	Interest	Net Escrow Receipts	Present Value to 10/27/2016 @ 0.8229211%
05/01/2017	381,004.00	83,158.26	464,162.26	462,218.06
11/01/2017	383,923.00	80,240.05	464,163.05	460,324.79
05/01/2018	384,940.00	79,222.65	464,162.65	458,438.11
11/01/2018	386,191.00	77,971.59	464,162.59	456,559.48
05/01/2019	387,581.00	76,581.30	464,162.30	454,688.34
11/01/2019	18,089,092.00	75,069.73	18,164,161.73	17,720,502.22
	20,012,731.00	472,243.58	20,484,974.58	20,012,731.00

Escrow Cost Summary

Purchase date	10/27/2016
Purchase cost of securities	20,012,731.00
Target for yield calculation	20,012,731.00

ESCROW SUFFICIENCY

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
10/27/2016		464,162.92	464,162.92	464,162.92
11/01/2016	464,162.50		-464,162.50	0.42
05/01/2017	464,162.50	464,162.26	-0.24	0.18
11/01/2017	464,162.50	464,163.05	0.55	0.73
05/01/2018	464,162.50	464,162.65	0.15	0.88
11/01/2018	464,162.50	464,162.59	0.09	0.97
05/01/2019	464,162.50	464,162.30	-0.20	0.77
11/01/2019	18,164,162.50	18,164,161.73	-0.77	
	20,949,137.50	20,949,137.50	0.00	

ESCROW STATISTICS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 20,476,893.92	2.827	0.822921%	0.822921%	19,870,324.41	606,471.19	98.32
20,476,893.92				19,870,324.41	606,471.19	98.32

Delivery date 10/27/2016
 Arbitrage yield 1.914939%

UNREFUNDED BOND DEBT SERVICE

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2016	1,950,000	4.000%	196,087.50	2,146,087.50
11/01/2017	2,030,000	5.000%	314,175.00	2,344,175.00
11/01/2018	2,135,000	5.000%	212,675.00	2,347,675.00
11/01/2019	2,230,000	4.750%	105,925.00	2,335,925.00
	8,345,000		828,862.50	9,173,862.50

PRIOR BOND DEBT SERVICE

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Federally Taxable Refunding Revenue Bonds, Series 2016A
 (Proposed Taxable Advance Refunding of Callable Maturities of Series 2009B COPs)
 Market Rates and Assumptions as of August 24, 2016
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2016			464,162.50	464,162.50
11/01/2017			928,325.00	928,325.00
11/01/2018			928,325.00	928,325.00
11/01/2019			928,325.00	928,325.00
11/01/2020	2,360,000	5.000%	928,325.00	3,288,325.00
11/01/2021	2,495,000	5.000%	810,325.00	3,305,325.00
11/01/2022	2,610,000	5.250%	685,575.00	3,295,575.00
11/01/2023	1,230,000	5.250%	548,550.00	1,778,550.00
11/01/2024	1,295,000	5.500%	483,975.00	1,778,975.00
11/01/2025	1,375,000	5.625%	412,750.00	1,787,750.00
11/01/2026	1,440,000	5.625%	335,406.26	1,775,406.26
11/01/2027	1,545,000	5.625%	254,406.26	1,799,406.26
11/01/2028	3,350,000	5.000%	167,500.00	3,517,500.00
	17,700,000		7,875,950.02	25,575,950.02

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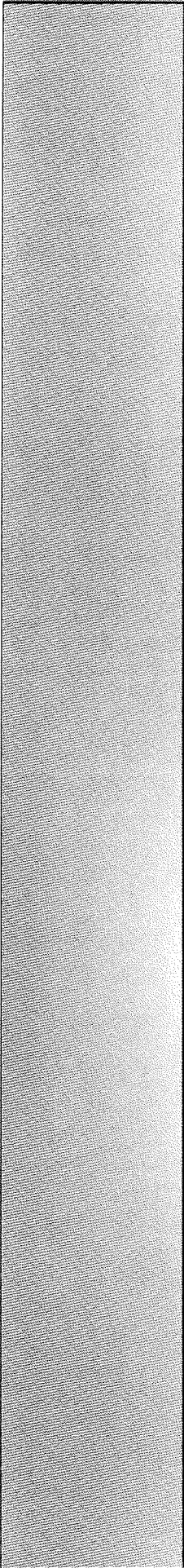
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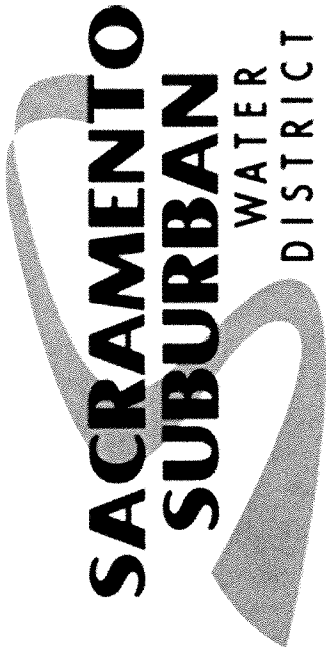
OVERVIEW OF REFUNDING REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2009B POTENTIAL REFUNDING PRESENTATION

September, 2016





REFUNDING OF 2009B REFUNDING REVENUE
CERTIFICATES OF PARTICIPATION

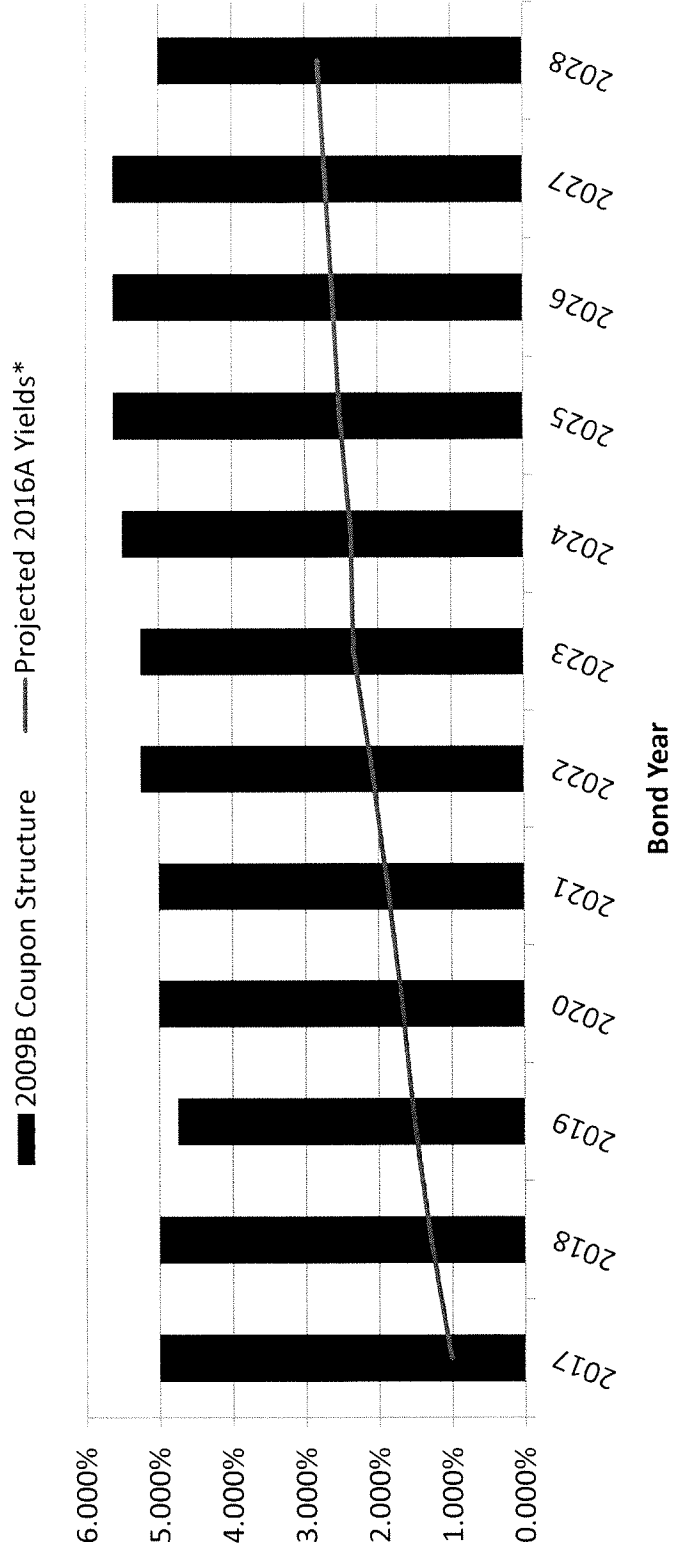


REFUNDING OVERVIEW

- ≡ 2009B Refunding Revenue Certificates of Participation (“Certificates”)
- ◆ 2009B Certificates issued to refund Series 2004 Adjustable Rate Revenue COPs
 - ✓ Due to federal tax code, the 2009B Certificates are eligible to be advance refunded on a taxable basis
- ◆ ~\$26 million outstanding
- ◆ Subject to prepayment on November 1, 2019 without premium

REFUNDING OPPORTUNITY

- ◆ Interest rates range from 4.00% to 4.625%
- ◆ Industry standard suggests 3% NPV savings in total and maturity by maturity
- ◆ Industry standard suggests 70% or higher for escrow efficiency
- ✓ Escrow efficiency shows NPV savings as a percentage of total possible NPV savings with no negative arbitrage



*Preliminary, subject to change

2009B CERTIFICATES REFUNDING SAVINGS*

Period Ending November 1	Existing 2009 Certificates Debt Service ⁽¹⁾	Refunding Debt Service	Annual Savings	Present Value Annual Savings
2017	\$3,238,791	\$2,858,779	\$380,012	\$376,155
2018	3,240,825	2,843,950	396,875	383,087
2019	3,229,075	2,832,750	396,325	373,476
2020	3,253,150	2,855,966	397,184	365,424
2021	3,270,150	2,874,302	395,848	355,549
2022	3,260,400	2,866,550	393,850	345,353
2023	1,743,375	1,347,628	395,747	338,728
2024	1,743,800	1,346,537	397,263	332,122
2025	1,752,575	1,354,519	398,056	325,026
2026	1,740,231	1,344,909	395,322	315,258
2027	1,764,231	1,368,600	395,631	308,124
2028	(35,175)	3,084,600	(3,119,775)	(2,370,927)
Total Savings				\$1,222,338
Net Present Value Savings				\$1,449,815
Percentage savings of refunded bonds				6.02%

≡ Advance refunding will generate ~\$1.5 million (6% of refunded amount)* in NPV savings

≡ Produces annual savings of approximately \$397,000, excluding final year

≡ Cost to refund the COPs (negative arbitrage) is ~\$961,000 producing an escrow efficiency of 60%

* All figures are preliminary and subject to change. Based on market conditions as of August 30, 2016. Refer to Disclaimer on last page of this presentation.

SENSITIVITY ANALYSIS

- If interest rates remain unchanged, waiting until a current refunding reduces the negative arbitrage of the certificates (as the certificates are callable on November 1, 2019)
- ◆ Results in ~13.9% NPV savings and an escrow efficiency of 98% since a current refunding can use tax-exempt interest rates
- Breakeven analysis shows taxable rates would need to increase 0.81% or more and tax-exempt rates by 0.60% or more in the next two years and 9 months to offset the higher savings of waiting until a current refunding

Refunding Scenario	Refunding			Average			Interest		
	Issue Closing Date	Refunding Bond Rate ³	Annual Savings ⁵	NPV Savings ²	NPV % Savings ⁴	Rate Cushion ⁶	Refunding Escrow Cost	Escrow Efficiency ¹	
Scenario 1 Taxable	11/16/2016	2.31%	\$397,000	\$1,449,815	6.02%	N/A	\$960,872	60%	
Scenario 2 Taxable	11/16/2017	2.23%	\$477,000	\$1,829,691	8.29%	39 bps	\$614,647	75%	
Scenario 3 Taxable	11/16/2018	2.17%	\$572,000	\$2,158,697	10.83%	42 bps	\$307,005	88%	
Scenario 4 Tax-exempt	8/3/2019	1.58%	\$693,000	\$2,771,352	13.91%	60 bps	\$64,111	98%	

1. Escrow efficiency measures impact of escrow cost (based on SLGS purchase). SLGS are used for the escrow fund for modeling purposes, however; OMS will need to be purchased for taxable refundings. Shows NPV savings as percentage total possible NPV savings with no escrow cost.
2. NPV Savings in Scenario 2 is discounted to November 2016.
3. Refunding bond arbitrage yield. Rate estimates are based on current market rates / coupon structure as of 8/30/2016.
4. NPV Savings as a percentage of bonds refunded.
5. Average annual savings account for release of prior reserve fund, earning 1.00% annually. Assumes no funding of a new reserve fund.
6. Amount rates can increase for Scenario 3 to breakeven with prior scenario. At +0.42% rates, Scenario 3 is equal to Scenario 2 NPV savings. Scenario 4 tax-exempt rates would need to increase y 0.60% to equal Scenario 1 NPV savings.

MATURITY BY MATURITY ANALYSIS

☰ The ability to use the prior debt service reserve fund to downsize the refunding transaction offsets the negative cash flow savings and negative arbitrage from the current earnings on the reserve fund

◆ Increases the annual cash flow savings and overall NPV savings

Refund only callable Maturities - no DSRF

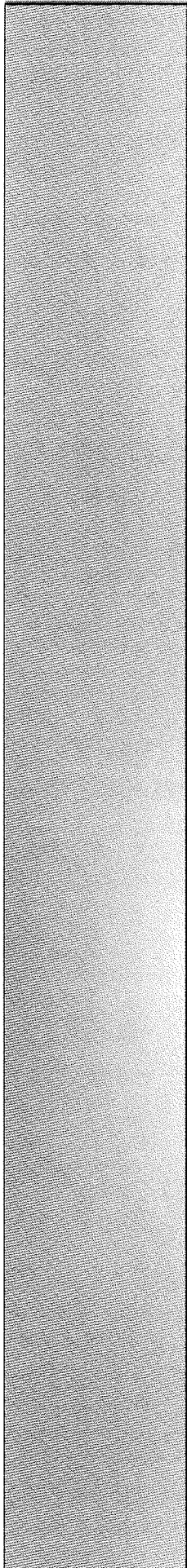
Dated Date	11/16/2016	Present Value	
FY Ending	Annual Savings	Annual Savings	Annual Savings
2017	94,012	94,898	
2018	99,169	97,379	
2019	99,109	95,046	
2020	99,961	93,603	
2021	98,161	89,405	
2022	101,333	89,664	
2023	98,978	85,153	
2024	97,163	81,479	
2025	99,947	81,617	
2026	99,773	79,357	
2027	98,073	75,978	
2028	98,735	74,476	
Total Savings		\$1,184,414	
Net Present Value Savings		\$1,038,732	
Percentage savings of refunded bonds		5.87%	

Refund all outstanding Maturities - no DSRF

Dated Date	11/16/2016	Present Value	
FY Ending	Annual Savings	Annual Savings	Annual Savings
2017	87,069	89,389	
2018	89,858	89,354	
2019	87,818	85,022	
2020	87,857	82,776	
2021	86,225	79,063	
2022	89,585	79,828	
2023	87,439	75,799	
2024	85,858	72,604	
2025	88,879	73,232	
2026	88,957	71,441	
2027	87,519	68,510	
2028	88,453	67,463	
Total Savings		\$1,055,516	
Net Present Value Savings		\$936,747	
Percentage savings of refunded bonds		3.89%	

Refund all outstanding Maturities - w/ DSRF

Dated Date	11/16/2016	Present Value	
FY Ending	Annual Savings	Annual Savings	Annual Savings
2017	380,012	376,155	
2018	396,875	383,087	
2019	396,325	373,476	
2020	397,184	365,424	
2021	395,848	355,549	
2022	393,850	345,353	
2023	395,747	338,728	
2024	397,263	332,122	
2025	398,056	325,026	
2026	395,322	315,258	
2027	395,631	308,124	
2028	(3,119,775)	(2,370,927)	
Total Savings		\$1,222,338	
Net Present Value Savings		\$1,449,815	
Percentage savings of refunded bonds		6.02%	



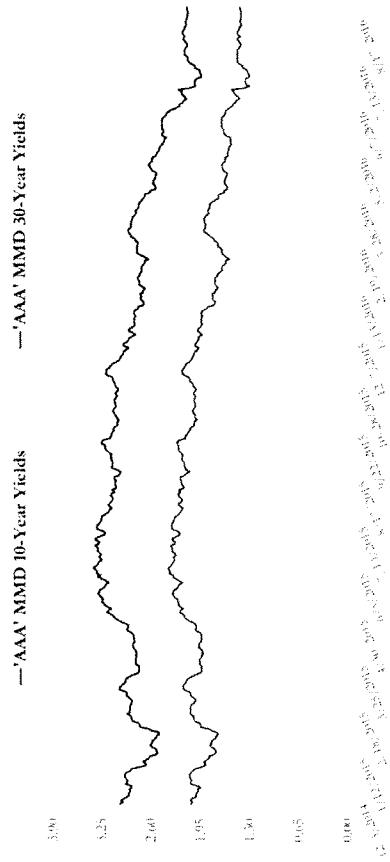
MUNICIPAL MARKET UPDATE



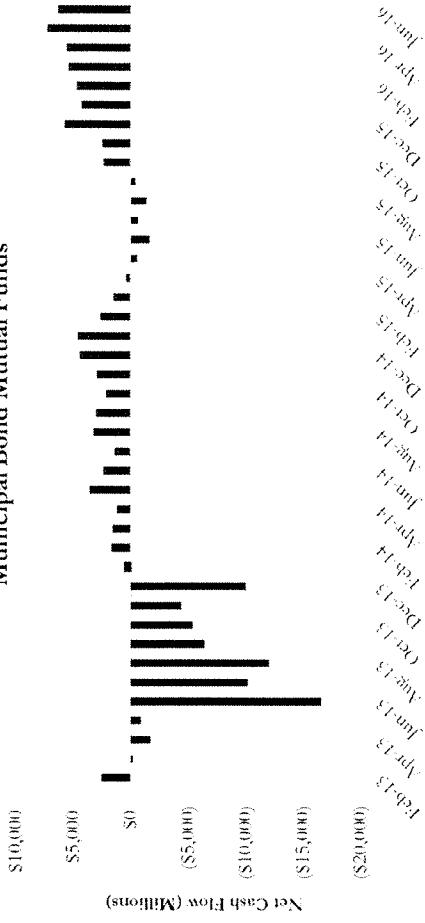
MUNICIPAL MARKET UPDATE

MARKET MOVEMENTS

Historical Change in 'AAA' MMD Yields
(December 1, 2014 through August 26, 2016)

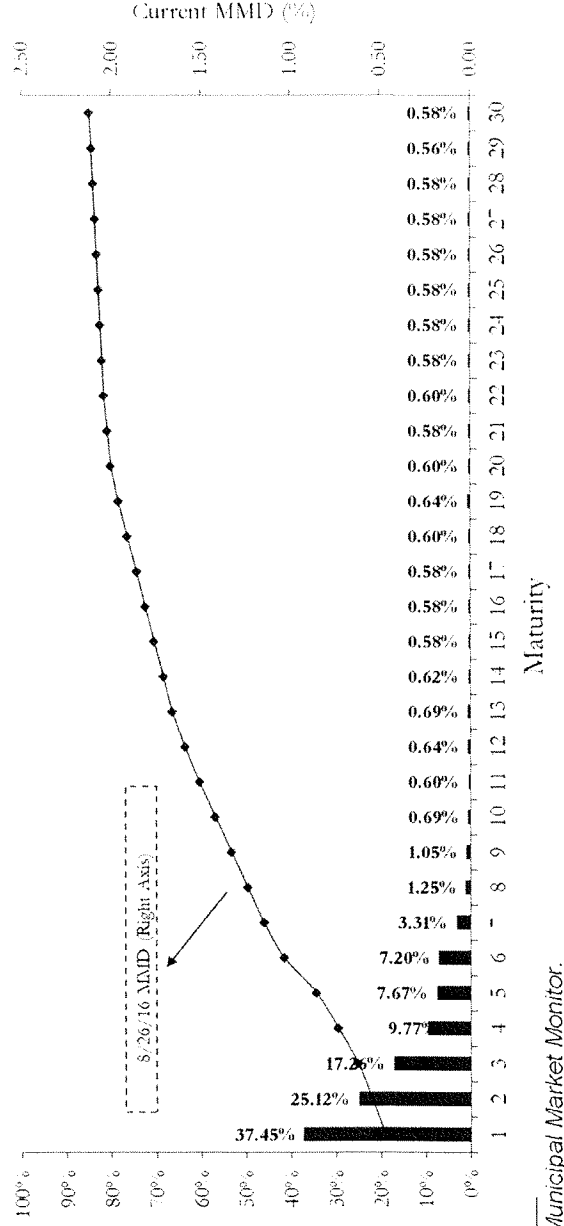


Monthly Flow of Funds
Municipal Bond Mutual Funds



Note: Far right green column is for the month of June, 2016.

Current "AAA" MMD and Percentage of Time Historical "AAA" MMD has been Lower than Current "AAA" MMD from January 2, 1998 through August 26, 2016



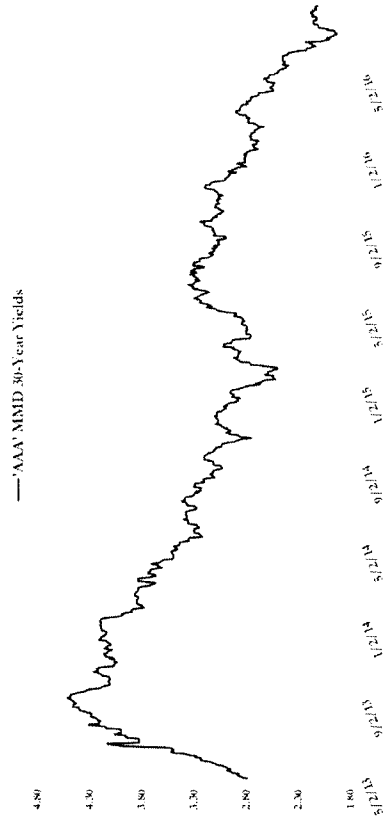
Source: Thomson Municipal Market Monitor.



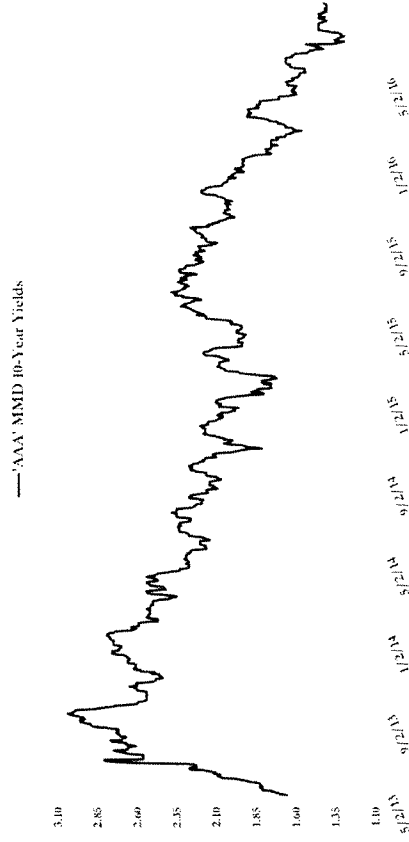
MUNICIPAL MARKET UPDATE

TAX-EXEMPT INTEREST OVERVIEW

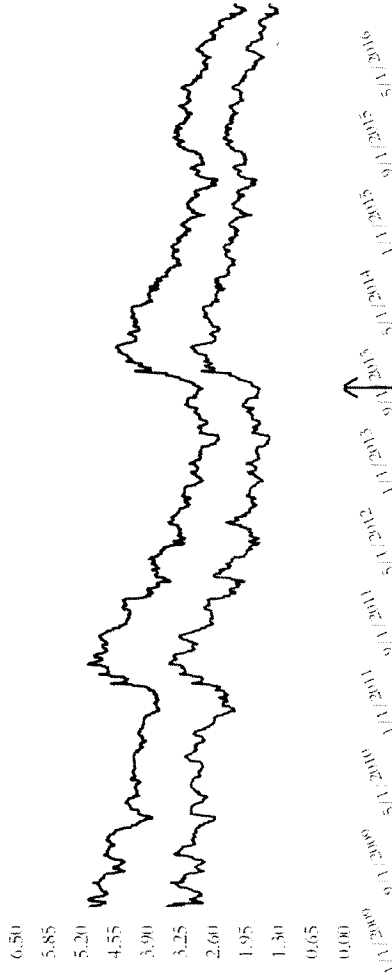
Change in "AAA" 30-Year MMD Yields
(May 2, 2013 through August 26, 2016)



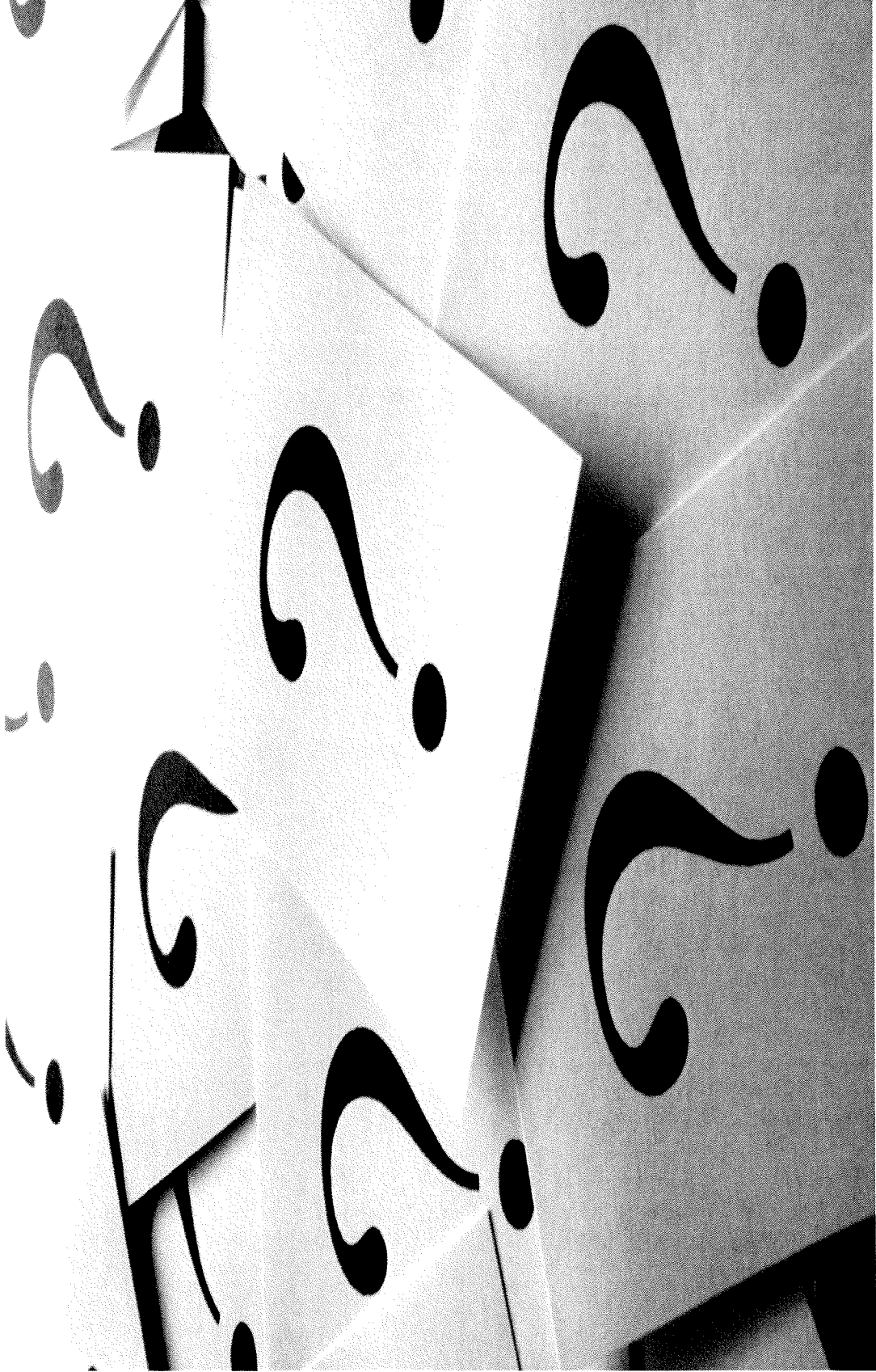
Change in "AAA" 10-Year MMD Yields
(May 2, 2013 through August 26, 2016)



Change in 'AAA' MMD Yields
(August 1, 2008 through August 26, 2016)



QUESTIONS AND DISCUSSION



DISCLAIMER

The scenarios are being provided for informational purposes only, and do not reflect any specific recommendation regarding a financial transaction. These materials include an assessment of current market conditions, and include Fieldman, Rolapp & Associates, Inc. assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The refinancing and refunding scenarios presented herein are not intended to be inclusive of every feasible or suitable refinancing alternative.

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Agenda Item: 3

Date: October 27, 2016

Subject: Treasury Management Services Provider

Staff Contact: Daniel A. Bills, Finance Director

Recommended Committee Action:

Recommend WestAmerica Bank as the District's Treasury Management Services provider to the full Board for approval. Direct staff to begin contract amendment discussions with West America.

Discussion:

The District currently utilizes Wells Fargo Bank (Wells Fargo) as its primary Treasury Management Services Provider. In addition, Wells Fargo also serves as the counterparty to the District's interest rate swap. WestAmerica Bank (WestAmerica) also provides treasury management services to the District by processing the District's credit card transactions. Due to the current serious allegations against Wells Fargo combined with the need by the District to acquire improved customer service from its bank, staff recommends expanding the services it now receives from WestAmerica to include all treasury management services, while retaining Wells Fargo as its interest rate swap counterparty.

As the Committee may recall, in July 2014 the District moved certain banking services from West America to Wells Fargo in order to receive improved automated services even though the cost was higher than what was being charged by WestAmerica. On Thursday, October 27, 2016, staff met with three representatives from WestAmerica to discuss the opportunity for WestAmerica to again provide services to the District. Staff discussed with the representatives the prior concerns of the District, which WestAmerica agreed to address in writing and would be included in any contract entered into with the District.

Operationally, the change will be relatively easy to effectuate. The District will still be able to use the same armored car service as it does with Wells Fargo. The lockbox address will change from San Francisco to Suisun, which will allow for customer payments to be posted and deposited by 7:00 am each business day as WestAmerica's processing center is located in Suisun. Other additional services include online reconciliations, remote deposits from the District's offices and positive-pay checking, all important for maintaining proper fiscal control and internal operations efficiency.



Agenda Item: 4

Date: October 27, 2016

Subject: Director Compensation and Travel Reimbursement Reporting

Staff Contact: Daniel A. Bills, Finance Director

Recommended Committee Action:

Direct staff to develop alternative proposals for the monthly Director Compensation and Travel Reimbursement process and reporting that occurs in the monthly Board materials and to bring such proposals before the Board in November.

Discussion:

Government Code Section 53065.5 requires that all individual charges for services or products received by Directors that equal or exceed \$100 be reported to the public at least annually. In fulfillment of this requirement, staff reports monthly the information contained in Exhibits 1 and 2.

Directors (and staff) have concerns with the information presented each month as it typically does not include all compensation or expenses earned or eligible for reimbursement as these reports are not always submitted in a timely fashion. Additionally, the format and reporting periods of the information presented on Exhibit 1 and 2 have not been readdressed for some time. For these reasons, staff proposes to address the accuracy, timing and format of the information presented in the monthly Board report by developing alternatives for the Board to consider. This was discussed at the October regular Board meeting.

EXHIBIT 1
 Sacramento Suburban Water District
 Board of Directors Meetings Attended (1)
 Pay Rate per Diem is \$100.0
 September 2016

Director Locke:		Director Schild:	
09/01/2016	Facilities and Operations Committee	09/01/2016	Facilities and Operations Committee
09/19/2016	SSWD Regular Board Meeting	09/12/2016	Meeting with Dan York/Budget (no pay)
09/21/2016	CSDA – CEQA Training	09/13/2016	Attend Dedication FRO2035
09/30/2016	Facilities and Operations Committee	09/14/2016	Tour SSWD Facilities/Main Replacement
		09/14/2016	San Juan Water District Board Mtg (no pay)
		09/16/2016	SSWD Budget Workshop
		09/19/2016	SSWD Regular Board Meeting
		09/21/2016	ACWA Federal Affairs Committee Mtg
		09/24/2016	Carmichael Founders Day
		09/29/2016	Tour of McClellan Park (no pay)
		09/30/2016	Facilities and Operations Committee
Director Wichert:		Director Gayle:	
Meetings Attended	Reported Verbally	09/15/2016	McClellan Restoration Meeting
		09/16/2016	SSWD Budget Workshop
Director Thomas:		09/19/2016	SSWD Regular Board Meeting
09/06/2016	Meeting with Dan York		
09/07/2016	Brown Bag Conference – Drought		
09/08/2016	RWA Meeting		
09/16/2016	SSWD Budget Workshop		
09/19/2016	Meeting with Dan Bills		
09/21/2016	Aeroject CAG Meeting		
09/22/2016	Meeting with Dan York		
09/24/2016	Carmichael Founders Day		

(1) Meetings during the current month reported by individual directors. This report meets the reporting requirements of Government Code section 53065.5. This information will be included with the agenda materials for each regular monthly Board of Directors meeting.

