

16401 Paramount Boulevard
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www.gatewaywater.org

*Los Angeles Gateway Region
Integrated Regional Water Management Joint
Powers Authority*

AGENDA

Regular Meeting of the Board of Directors
Thursday, September 14, 2017 at 12:00 p.m.
Progress Park Plaza, 15500 Downey Avenue, Paramount, CA

- 1. Roll Call**
- 2. Determination of a Quorum**
- 3. Additions to Agenda (Govt. Code Sec. 54954.2(b))**
- 4. Oral Communications to the Board**
This is an opportunity for members of the public to address the Board on any item under the jurisdiction of the agency. Depending upon the subject matter, the Board may be unable to respond until the item can be posted on the agenda at a future meeting in accordance with provisions of the Brown Act.
- 5. ORAL PRESENTATION: California Water Fix (Brandon Goshi, MWD)**
- 6. Consent Calendar: (Acted as one item unless withdrawn by request)**
 - a. Minutes of the Board Meeting of July 2017 (Enclosure)
 - b. Ratify the Warrant Register for August 2017 and Approve the Warrant Register for September 2017 (Enclosure)
- 7. Discussion Regarding GWMA's Draft Reserve Policy (Enclosure)**
- 8. Integrated Regional Water Management and Disadvantaged Community Involvement Program Oral Update**
- 9. Gateway Region Watershed Management Groups Oral Report**
 - a. Lower Los Angeles River Upper Reach 2 Watershed Group
 - b. Lower Los Angeles River Watershed Group
 - c. Los Cerritos Channel Watershed Group

Christopher Cash (Paramount), Board Chair • Adriana Figueroa (Norwalk), Vice-Chair • Hannah Shin-Heydorn (Signal Hill), Secretary/Treasurer
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- d. Lower San Gabriel River Watershed Group

10. Executive Officer's Oral Report

- a. Update on Status of Board Member Appointments – 2 Year Terms (2017-2019)
- b. Update on Annual Membership Dues for FY2017/18
- c. Update on Release of Notice Inviting Bids for Catch Basin Cleaning
- d. Update on Status of On-Call Consultant List

11. Directors' Oral Comments/Reports

12. Adjournment

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AGENDA ITEM NO. 6A

**MINUTES OF THE GATEWAY WATER MANAGEMENT AUTHORITY
LOS ANGELES GATEWAY REGION
INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY
BOARD
AT PARAMOUNT, CALIFORNIA
THURSDAY, JULY 13, 2017**

A regular meeting of the Board of Directors of the Gateway Water Management Authority was held on Thursday, July 13, 2017 at 12:00 p.m. at the Progress Park Plaza, 15500 Downey Avenue, Paramount, CA 90723.

Chair Christopher Cash called the meeting to order at 12:13 p.m. Roll was called by Ms. Weiss and a quorum of the Board was declared.

BOARD MEMBERS PRESENT:

Chau Vu	Bell Gardens
Mike O'Grady (alternate)	Cerritos
Gina Nila	Commerce
Mohammad Mostahkami	Downey
Christina Dixon (alternate)	Huntington Park
Mark Stowell	La Mirada
Lisa Rapp	Lakewood
Sam Kouri (alternate)	Montebello
Adriana Figueroa	Norwalk
Christopher Cash	Paramount
Robert Delgadillo (alternate)	Pico Rivera
Mark Grajeda	Pico Water District
Frank Beach (alternate)	Santa Fe Springs
Claudia Arellano (alternate)	Vernon
Dave Schickling	Whittier
Esther Rojas (alternate)	Water Replenishment District of Southern California

STAFF AND GUESTS ON SIGN-IN SHEET:

Grace Kast	Executive Officer
Toni Penn	Admin/Accounting Manager
Bibi Weiss	Office Assistant
Bill Minasian	Downey Resident
Jason Wen	City of Lakewood
Vince Brar	City of Cerritos
Bob Ortega	City of Cerritos
Nick Servin	City of Bell Gardens

ITEM 3 - ADDITIONS TO THE AGENDA

None.

ITEM 4 – ORAL COMMUNICATIONS TO THE BOARD

None.

ITEM 5 – CONSENT CALENDAR

Director Nila motioned to approve the consent calendar as presented. The motion was seconded by Director Mostahkami and was approved by the following voice vote:

AYES: VU, O’GRADY, NILA, MOSTAHKAMI, DIXON, RAPP, KOURI, FIGUEROA, CASH, DELGADILLO, BEACH, ARELLANO, SCHICKLING, ROJAS

NOES: NONE

ABSTAIN: STOWELL, GRAJEDA

ITEM 6 – APPOINTMENT OF MEMBERS TO ON-CALL CONSULTANT AD-HOC COMMITTEE

Ms. Kast reported that at the April 13th Board meeting, staff announced that GWMA would be sending out a Request for Qualifications (RFQ) to update GWMA’s On-Call List of Consultants. She stated that Directors Beach and Mostahkami volunteered to work with staff to finalize the RFQ for On-Call Consultants. She also stated that staff solicited names of consultants from GWMA Board Members and Alternates to add them to the list of consultant solicitations. She reported that staff would be sending out the RFQ on July 17th, 2017. Director Mostahkami also requested that the RFQ be sent to all Board Members.

Ms. Kast requested that an Ad Hoc Committee be established to review the Statements of Qualifications received. Chairman Cash solicited volunteers and Directors Stowell, Grajeda and Vu volunteered to participate in this Ad Hoc Committee.

ITEM 7 – SELECTION OF FIRM TO CONDUCT GWMA’S FY 2016/17 AUDIT

Ms. Penn reported that on April 21, 2017, an RFP for professional auditing services was issued with a due date of May 31, 2017. She stated that staff received proposals from Fedak & Brown, LLP and James Marta & Company. She indicated that GWMA’s staff and accounting consultant conducted telephone interviews with both firms. She stated that GWMA’s accounting

consultant provided a written recommendation to the Board that was included in the agenda packet. In closing, Ms. Penn indicated that it was the recommendation of the Executive Committee, accountant consultant and staff, that GWMA engage the firm Fedak & Brown, LLP to conduct GWMA's FY 2016/17 Audit and Single Audit as presented.

After general discussion, Director Mostahkami moved to engage Fedak & Brown, LLP to conduct GWMA's FY 2016/17 Audit and Single Audit as presented and authorized the Chair to sign the Engagement Letter. The motion was seconded by Director Figueroa and was approved by the following voice vote:

AYES: VU, O'GRADY, NILA, MOSTAHKAMI, DIXON, RAPP, KOURI, FIGUEROA, CASH, DELGADILLO, BEACH, ARELLANO, SCHICKLING, ROJAS, STOWELL, GRAJEDA

NOES: NONE

ABSTAIN: NONE

ITEM 8 – GATEWAY REGION WATERSHED MANAGEMENT GROUPS ORAL UPDATES

Lower Los Angeles River Upper Reach 2 Watershed Group

Director Nila reported that the Sub-recipient Agreement for Prop 1 John Anson Ford Project was submitted with comments to staff and GWMA's legal counsel was currently working on finalizing the Agreement.

Lower Los Angeles River Watershed Group

None.

Los Cerritos Channel Watershed Group

Director Rapp updated the Board on the current activities of the Los Cerritos Watershed Group. She reported that both projects were on schedule and making good progress.

Lower San Gabriel River Watershed Group

Director Figueroa updated the Board on recent activities.

ITEM 12 – EXECUTIVE OFFICER’S REPORT

Ms. Kast reported that the contract for the Catch Basin Cleaning would end this Calendar year. She indicated that staff would be drafting a Notice Inviting Bids for release soon.

ITEM 13 – DIRECTORS’ COMMENTS/REPORT

Director Mostahkami reported that the Transportation Bill, SB1’s deadline for comments was today, July 13th. Ms. Kast volunteered to write a letter on behalf of GWMA regarding eligibility for using this tax on Green Streets.

Director Mostahkami inquired on grant funding opportunities. Ms. Kast reported that the 4 watershed group chairs and respective consultants have been meeting with the COG and their consultants along with Mr. Charlie Honeycutt, City Manager of Signal Hill for the past year to discuss and review funding opportunities. Once more tangible information becomes available coming out of that joint committee, a report would be given to the Board.

Director Rapp reported that she was invited to a meeting to discuss Stormwater by State Assembly Leader Anthony Rendon.

Director Brar introduced Bob Ortega as the new Water Superintendent for the City of Cerritos.

The meeting was adjourned at 12:45 PM.

Christopher S. Cash, Chair

Date

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SECTION NO. 6(b) Ratify the Warrant Register for August 2017 and Approve the Warrant Register for September 2017

SUMMARY:

The Warrant Register is a listing of general checks issued since the last warrant register. Warrants will be signed by 2 of the 3 Board Officers and released by Toni Penn, serving as the Administrative/Accounting Manager of the Gateway Water Management Authority, upon Board Approval.

DISCUSSION:

The Warrant Register for expenditures dated August 2017 in the amount of \$1,297,255.65 are submitted for ratification by the Board and the Warrant Register for expenditures dated September 2017 in the amount of \$628,737.34 are submitted for approval. Invoices and supporting documentation are available for review at the office of the GWMA.

FISCAL IMPACT:

The Warrant Registers totals \$1,925,992.99. Funds to cover payment are available in the Gateway Authority budget.

RECOMMENDATION:

Ratify the Warrant Register for August as presented and Approve the Warrant Register for September as presented.

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AGENDA ITEM NO. 6b

WARRANT REGISTER
Disbursement Journal
August-17

Invoice Date	Vendor	Invoice Number	Description	Amount
7/25/2017	Anchor QEA	52863	Harbor Toxics TMDL Monitoring for June	\$ 18,354.97
8/2/2017	City of Bellflower	USBR-02	USBR WaterSMART Grant Reimbursement #2	\$ 54,606.24
8/3/2017	City of Lakewood	3	USBR WaterSMART Grant Reimbursement #3	\$ 760.14
8/1/2017	City of Paramount	3675	Rent - August 2017	\$ 339.22
5/25/2017	City of Signal Hill	PW-17-003	IRWM Drought Grant Reimbursement #3	\$ 667,858.34
4/26/2017	City of South Gate	8391	USBR WaterSMART Grant Reimbursement #1	\$ 221,427.13
8/2/2017	City of Whittier	2017-4	USBR WaterSMART Grant Reimbursement #4	\$ 16,259.04
7/7/2017	Civiltec Engineering Inc.	37556	Prop 84 2015 Grant Administrative Services	\$ 757.50
7/24/2017	CWE	17551	Upper Reach 2 WMP and CIMP Development	\$ 10,000.00
7/12/2017	Excel Paving Company	LID-03	Construction of Prop 84 Grant Project	\$ 110,570.50
7/10/2017	GEI Consultants	3022537	Watersmart Grant Administrative Services	\$ 580.50
8/1/2017	GK Consulting	17-8-DACIP-GWMA	GLAC DAC Chair Activities for July 2017	\$ 1,852.50
08/01/17	GK Consulting	17-8-GWMA	Professional and Accounting Services	\$ 21,945.00
07/19/17	Joe A Gonsalves & Son	155850	Legislative Advocacy Services for August	\$ 2,083.00
07/19/17	John L Hunter & Associates	GAHT0617	Upstream Harbor Toxic for June	\$ 3,768.00
07/19/17	John L Hunter & Associates	GANPLA0617	LAR WMP Development for June	\$ 26,982.74
07/19/17	John L Hunter & Associates	GANPSG0617	LSGR WMP Development for June	\$ 37,892.83
07/18/17	Richard Watson & Associates, Inc.	17-192-003-006	LCC Watershed Monitoring Program for June	\$ 61,434.99
07/26/17	Richards Watson Gershon	212845	Legal Services - General	\$ 3,083.50
07/26/17	Richards Watson Gershon	212846	Legal Services - Project Specific	\$ 192.14
07/13/17	Rodger's Catering	27249	Meeting Expense	\$ 431.37
07/27/17	Tetra Tech	51203487	Feasibility Study for the LAR UR2	\$ 29,576.00
08/03/17	CliftonLarsonAllen LLP	1596343	Accounting/Auditing Services for June	\$ 6,500.00
				<u>\$ 1,297,255.65</u>

Reviewed and Approved by:


Hannah Shin-Heydorn, GWMA Secretary/Treasurer

AGENDA ITEM NO. 6b

WARRANT REGISTER
Disbursement Journal
September-17

Invoice Date	Vendor	Invoice Number	Description	Amount
8/25/2017	Anchor QEA	53354	Harbor Toxics TMDL Monitoring for July	\$ 6,790.62
8/23/2017	City of Bellflower	USBR-03	USBR WaterSMART Grant Reimbursement	\$ 3,212.13
9/7/2017	City of Cerritos	3466	IRWM Drought Grant Reimbursement	\$ 54,301.61
9/1/2017	City of Paramount	3686	Rent - September 2017	\$ 339.22
5/25/2017	City of Signal Hill	PW-17-004	IRWM Drought Grant Reimbursement	\$ 292,668.09
6/30/2017	City of South Gate	8969	USBR WaterSMART Grant Reimbursement	\$ 76,153.34
8/14/2017	City of Whittier	2017-5	USBR WaterSMART Grant Reimbursement	\$ 36,202.74
8/7/2017	Civiltec Engineering Inc.	37749	Prop 84 2015 Grant Administrative Services	\$ 581.25
9/1/2017	CliftonLarsonAllen LLP	1615073	Accounting/Auditing Services for July	\$ 660.00
7/31/2017	Gateway Cities COG	1	Reimbursement for Office Supplies for July 2017	\$ 255.45
8/31/2017	Gateway Cities COG	2	Reimbursement for Office Supplies for August 2017	\$ 222.97
8/14/2017	GEI Consultants	3024428	Watersmart Grant Administrative Services	\$ 3,153.00
8/7/2017	GK Consulting	08-07-17-expense	Reimbursement for Annual Fee for Conference Call	\$ 132.06
9/1/2017	GK Consulting	17-9-DACIP-GWMA	GLAC DAC Chair Activities for August 2017	\$ 2,892.50
09/01/17	GK Consulting	17-9-GWMA	Professional and Accounting Services	\$ 23,388.75
08/17/17	Joe A Gonsalves & Son	155925	Legislative Advocacy Services for September	\$ 2,083.00
08/09/17	John L Hunter & Associates	GAHT0717	Upstream Harbor Toxic for July	\$ 247.50
08/09/17	John L Hunter & Associates	GANPLA0717	LLAR WMP Development for July	\$ 59,938.40
08/09/17	John L Hunter & Associates	GANPSG0717	LSGR WMP Development for July	\$ 14,557.50
08/16/17	Richard Watson & Associates, Inc.	17-192-003-007	LCC Watershed Monitoring Program for July	\$ 49,652.21
08/31/17	Richards Watson Gershon	213432	Legal Services - General	\$ 22.50
08/31/17	Richards Watson Gershon	213433	Legal Services - Project Specific	\$ 1,282.50
				<u>\$ 628,737.34</u>

Reviewed and Approved by:


Hannah Shin-Heydorn, GWMA Secretary/Treasurer

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SECTION 7 – Discussion Regarding GWMA’s Draft Reserve Policy

At the June 8, 2017 Board meeting, the Board directed staff and GWMA’s Accounting Consultant to develop a policy for Board approval regarding operating reserves and ending fund balance. Maintaining adequate reserve is an essential part of sound financial management. The Draft Financial Reserve Policy presented today is intended to ensure that GWMA has sufficient funds to meet current and future needs.

In accordance with the Governmental Accounting Standards Board (GASB), the Reserve Policy identifies five specific classifications of fund balance, which are: Non-Spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Operating Reserve Fund, and Unassigned Fund Balance. GWMA will collect, maintain and segregate its Fund Balance into these five classifications. The Reserve Policy also defines the amount earmarked for the purpose of covering expenditures occurring as a result of unforeseen events. It is recommended that the Operating Reserve be funded based on six (6) months of the annual operating budget.

The Operating Reserve Fund is earmarked for the purpose of covering expenditures occurring as a result of unforeseen events. The Board’s approval will be required before expending any portion of its Fund Balance classifications. If, for any reason, the Operating Reserve Fund falls below the Board approved designated level of six (6) months of the annual operating budget, all of the excess fund balance in future years will first be used to replenish the Operating Reserve Fund until it reaches the designated level.

Reserve balances will be reviewed by GWMA staff throughout the year and also during the preparation of the annual budget. The Board will also review the Reserve balanced during its annual review and approval of the annual budget.

RECOMMENDATION

This Policy is presented to request input and to answer questions from the Board before it is brought back in October for action.

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GATEWAY WATER MANAGEMENT AUTHORITY
POLICY AND PROCEDURES

FINANCIAL RESERVES

A. General Policy:

Maintaining adequate reserve is an essential part of sound financial management. The Board of Directors (Board) realizes the importance of reserve in providing funding availability for emergencies or unforeseen events should the need arise and to strengthen its financial stability. A key element of prudent financial planning is to ensure that sufficient funding is available to meet the agency's short-term and long-term plans. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. The Gateway Water Management Authority (GWMA) will at all times strive to have sufficient funding available to meet its operating, capital, if any, and other obligations in a manner consistent with its operating budget.

The Board may designate specific reserves and maintain minimum balances consistent with obligations that it has determined to be in the best interest of the Authority. The policy outlined in this document is intended to ensure that the GWMA has sufficient funds to meet current and future needs. Reserve balances will be reviewed by GWMA Staff and the Board during the preparation and approval of the annual budget.

B. Governmental Funds and Fund Balance Defined:

Governmental Funds, including the General Fund, use short-term or current flow of financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheets. The reported fund Balance is considered to be a measure of available spendable resources. Fund Balance is the excess of assets over liabilities.

GWMA has the following governmental fund:

1. General Fund – the General Fund is the general operating fund of GWMA. It is used to account for all financial resources necessary to sustain the day-to-day activities and thus pays for all administrative and operating expenditures except for those required to be accounted for in other funds. In addition, activities related to grants from Federal, State and/or local agencies are recorded in the General Fund.

For Governmental Funds, the Governmental Accounting Standards Board (GASB) Statement No. 54 defines five specific classifications of fund balance. The five classifications are intended to identify whether the specific components of fund balance are available for appropriation and are therefore "Spendable." The

classifications also are intended to identify the extent to which fund balance is constrained by special restrictions, if any. The five classifications of fund balance are as follows:

<u>CLASSIFICATIONS</u>	<u>NATURE OF RESTRICTION</u>
Non-Spendable	Cannot be readily converted to cash
Restricted	Externally imposed restrictions
Committed	Board imposed commitment
Assigned	Board or its Designee assigned purpose/intent
Unassigned	Residual balance not otherwise restricted

Non-spendable Fund Balance: The portion of fund balance that includes amounts that are either (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. Examples of Non-spendable fund balance include reserve for inventories, if any, reserve for long-term receivables and reserve for prepared assets.

Restricted Fund Balance: The portion of fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions.

Committed Fund Balance: The portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the Board and remain binding unless removed in the same manner. A Board resolution constitutes a formal action for the purposes of establishing committed fund balance.

Assigned Fund Balance: The portion of a fund balance that includes amounts that are constrained by the Board's intent to be used for specific purposes but are neither restricted nor committed. This policy hereby delegates the authority to the Executive Officer or designee to modify or create new assignments of fund balance.

Unassigned Fund Balance: The remaining amount of the fund balance after considering the other four classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

C. GWMA Classifications:

GWMA shall accumulate, maintain and segregate its Fund Balance into the following classifications:

1. Non-Spendable Fund Balance
2. Restricted Fund Balance
3. Committed Fund Balance
4. Operating Reserve Fund (or Assigned Fund Balance)
5. Unassigned Fund Balance

D. Definitions and Target Level:

1. Non-Spendable Fund Balance

Definition: This is the amount earmarked for assets not in a spendable form such as insurance premium paid in advance for coverage beyond the current fiscal year.

Events or Conditions Prompting the Use of Non-Spendable Fund Balance:

During the subsequent fiscal year, it is necessary to determine whether all or a portion of this Fund Balance applies to the current year. This amount then must be charged to the appropriate expenditure account of the current year, leaving as a remainder in the Fund Balance any amounts not yet applicable.

2. Restricted Fund Balance

Definition: This is the amount earmarked for Federal, State and/or local grant revenues received but not yet spent.

Events or Conditions Prompting the Use of Restricted Fund Balance: This reserve may be utilized when the Federal, State and/or local grant expenditures for the current fiscal year will exceed the current year revenues for the related grants.

3. Committed Fund Balance

Definition: This is the amount earmarked for specific purpose(s) imposed by a formal action by the Board. A Board resolution constitutes a formal action.

Events or Conditions Prompting the Use of Committed Fund Balance: This reserve may only be utilized in accordance to the original constraints imposed by the Board unless the Board modifies or rescinds the specified purpose by taking the same type of action it employed to previously commit an amount.

4. Operating Reserve Fund (or Assigned Fund Balance)

Definition: This is the amount earmarked for the purpose of covering expenditures occurring as a result of unforeseen events.

Target Level: It is recommended that the Operating Reserve be funded based on six (6) months of the annual operating budget.

Events or Conditions Prompting the Use of Operating Reserve Fund: This reserve may be utilized for unforeseen operating expenditures after taking into consideration the use of the other Fund Balance classifications.

5. Unassigned Fund Balance

Definition: This is the net amount of the Ending Fund Balance less the other Fund Balance classifications.

Events or Conditions Prompting the Use of Unassigned Fund Balance: This amount shall be utilized after taking into consideration the other Fund Balance classifications.

The Board or designee shall determine the amount needed from any of the Fund Balance classification. The Board's approval at its regular meeting shall be required before expending any portion of any Fund Balance classification. Unforeseen events or conditions that may require an expenditure of such amounts include, but are not limited to natural disasters, unforeseen deficiencies of revenue source, or unexpected operating or capital expenditures.

When multiple types of Fund Balances are available for an expenditure, GWMA shall first utilize funds from the Restricted Fund Balance as appropriate, then from the Committed Fund Balance, then from the Assigned Fund Balance, and lastly from the Unassigned Fund Balance.

If any circumstances noted above occur, and the Operating Reserve Fund falls below the Board policy designated level of six (6) months of the annual General Fund Budget, all excess fund balance in future years shall first be used to replenish the Operating Reserve Fund until it reaches the policy designated level.

E. Amendment of Policy and Target Level

The Board of Directors may amend this Financial Reserve Policy and target level at any time by a majority vote at its regular meeting.