



FORT ORD REUSE AUTHORITY

REGULAR MEETING FORT ORD REUSE AUTHORITY (FORA) FINANCE COMMITTEE

Wednesday, April 19, 2017 at 2:30 p.m.

920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

AGENDA

1. CALL TO ORDER/ESTABLISHMENT OF QUORUM

2. PLEDGE OF ALLEGIANCE

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

4. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes and will not receive Committee action. Whenever possible, written correspondence should be submitted to the Committee in advance of the meeting, to provide adequate time for its consideration.

5. APPROVAL OF MEETING MINUTES

ACTION

- a. February 28, 2017

6. BUSINESS ITEMS

Business items are for Committee discussion, debate, direction to staff, and/or action. Comments from the public are not to exceed 3 minutes or as otherwise determined by the Chair.

- a. FY 17-18 Budget

INFORMATION/ACTION

- i. Review and discussion

- ii. Consider Recommending FORA Board budget approval

- b. Investment Policy - Annual Statement

INFORMATION/ACTION

7. ITEMS FROM MEMBERS

Receive communication from Committee members as it pertains to future agenda items.

8. ADJOURNMENT

NEXT MEETING: May 3, 2017 at 2:00 PM

For information regarding items on this agenda or to request disability related modifications and/or accommodations please contact the FORA office at (831)883-3672, 48 hours prior to the meeting. Agendas are available on the FORA website at www.fora.org.



**FORT ORD REUSE AUTHORITY
FINANCE COMMITTEE MEETING MINUTES**
3:00 p.m., February 28, 2017 | FORA's Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Chair Gunter called the meeting to order at 3:00 PM.

Members Present:

Joe Gunter (City of Salinas) (Chair)
Gail Morton, City of Marina
Alan Haffa, City of Monterey
John Phillips, County of Monterey
Cynthia Garfield (City of Pacific Grove)

Members Absent:

Andre Lewis, CSUMB

2. PLEDGE OF ALLEGIANCE led by Chair Gunter

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Michael Houlemard, Executive Officer, acknowledged the newly appointed chair and members of the Finance Committee.

4. PUBLIC COMMENT PERIOD

There were no comments received from the public.

5. APPROVAL OF MEETING MINUTES

a. Regular Meeting Minutes of December 2, 2016

Staff responded to questions and provided information regarding the December 2, 2016 meeting minutes. Public comment was received.

MOTION: *On motion by Committee member Haffa, second by Committee member Morton and carried by the following vote, the Committee approved the minutes of December 2, 2016.*

MOTION PASSED UNANIMOUSLY

6. BUSINESS ITEMS

a. FY 16-17 Mid-Year Budget

Mid-Year Adjustments, Review and Discussion

Consider Recommending FORA Board budget approval

Mr. Houlemard and Helen Rodriguez, Controller reviewed the FY 16-17 Mid-Year budget and defined the budget categories. The Committee discussed the numbers provided in the draft budget and staff explained the programs and missions associated with the proposed budget.

The Committee acknowledged that there is adequate funding for the Mid-Year Budget adjustments and recommended increasing the CalPers termination liability set aside to \$2.0M. Additionally, Chair Gunter asked the FC members for recommendation to the Executive Committee regarding the proposed staff benefit adjustment. Member Morton and Garfield expressed concerns with the staff proposed health benefit adjustment and proposed no adjustment to staff health benefits. Member Haffa expressed support for the proposed increased staff health benefit.

MOTION: *On motion by Committee member Morton, second by Committee member Garfield, and carried by the following vote, the Committee recommended the mid-year budget as revised for the CalPers termination liability set aside and FC committee members' concern regarding the proposed staff health benefit adjustment be relayed to the Executive Committee.*

MOTION PASSED UNANIMOUSLY

b. Auditor Selection

Ms. Rodriguez noted that, in the past, it was required that the audit firm rotate every 5 years. With the change in audit standards, the requirement is that only the auditor in charge rotate every five years, not audit firms. Due to the unknown future of FORA within the next five years – staff recommended to remain with the current auditor firm, Moss Levy Hartzheim. The 2017 meeting calendar was also discussed in attempt to determine a date in which the Committee could reconvene. Staff responded to questions and comments from the Committee.

MOTION: *On motion by Committee member Morton and second by Committee member Garfield and carried by the following vote, the Committee moved to remain with Moss Levy Hartzheim Auditing Firm for the next FY 16/17.*

MOTION PASSED UNANIMOUSLY

c. 2017 Meeting Calendar

MOTION: *On motion by Committee member Morton and second by Committee member Garfield and carried by the following vote, the Committee moved to meet on April 19, 2017 at 2:30 p.m. and May 3, 2017 at 2:00 p.m.*

MOTION PASSED UNANIMOUSLY

7. ITEMS FROM MEMBERS

Committee Haffa suggested the Committees review FORA's priorities and forward them to the Board of Directors for consideration.

8. ADJOURNMENT at 4:09 PM.

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

CATEGORY	SPECIAL REVENUE FUNDS (SRF)				TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES/ LAND SALE	CFD/Tax Developer Fees	ARMY ESCA	
REVENUES					
Membership Dues	307,000	-	-	-	307,000
Franchise Fees - MCWD	415,000	-	-	-	415,000
Federal Grants	-	-	-	1,001,774	1,001,774
Development Fees	-	-	6,118,763	-	6,118,763
Land Sale Proceeds	-	-	-	-	-
Rental/Lease Revenues	50,000	-	-	-	50,000
Property Tax Payments	1,300,000	-	818,884	-	2,118,884
Reimbursement Agreements	5,000	-	-	-	5,000
Investment/Interest Income	90,000	-	20,000	-	110,000
Other Income	-	-	-	-	-
Total Revenues	2,167,000	-	6,957,647	1,001,774	10,126,421
EXPENDITURES					
Salaries & Benefits	2,069,890	150,181	628,619	405,075	3,253,764
Supplies & Services	307,444	19,457	94,200	54,199	475,300
Contractual Services	639,000	2,000	1,129,000	542,500	2,312,500
Capital Projects	-	3,750,000	8,019,357	-	11,769,357
Total Expenditures	3,016,334	3,921,638	9,871,175	1,001,774	17,810,921
REVENUES OVER (UNDER) EXPENDITURES	(849,334)	(3,921,638)	(2,913,528)	-	(7,684,500)
OTHER FINANCING SOURCES (USES)					
Transfer In/(Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
REVENUES & OTHER SOURCES OVER (UNDER)	(849,334)	(3,921,638)	(2,913,528)	-	(7,684,500)
FUND BALANCE-BEGINNING 7/1/17	13,484,008	11,191,406	17,383,195	-	42,058,609
FUND BALANCE-ENDING 6/30/18	12,634,675	7,269,768	14,469,667	-	34,374,110

Fund Balances

Committed/Assigned for:

CalPers Termination	\$ 7,300,000	\$ -	\$ -	\$ -	\$ 7,300,000
Operations	4,700,000	-	-	-	4,700,000
Habitat Management (HM/HCP)	-	-	13,253,306	-	13,253,306
Building Removal	-	3,339,000	-	-	3,339,000
CIP	-	3,930,768	1,216,360	-	5,147,129

Unassigned

Ending Fund Balance

634,675	-	-	-	634,675
12,634,675	7,269,768	14,469,667	-	34,374,110

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

CATEGORIES	FY 16-17	FY 16-17	FY 16-17	FY 16-17	FY 17-18	NOTES
	<u>APPROVED</u>	<u>APPROVED</u>	<u>Variances</u>	<u>PROJECTED</u>	<u>PRELIMINARY</u>	
		<u>MID-YEAR</u>	<i>Projected thru</i>			
			<i>6/30/17</i>			
REVENUES						
Membership Dues	\$ 261,000	\$ 331,000	\$ (18,000)	\$ 313,000	\$ 307,000	MCWD FY 17-18 Budget
Franchise Fees - MCWD	265,000	615,000	(170,000)	445,000	415,000	MCWD FY 17-18 Budget
Federal Grants	995,933	922,410	90,000	1,012,410	1,001,774	ESCA
Development Fees	6,739,869	5,239,869	1,182,750	6,422,619	6,118,763	CIP Budget
Land Sale Proceeds	480,187	-	-	-	-	
Rent Proceeds	29,500	50,000	-	50,000	50,000	
Property Taxes	1,722,472	1,722,472	275,000	1,997,472	2,118,884	CIP Budget
Reimbursement Agreements	25,000	-	-	-	5,000	ESCA agency reimbursements net of of expense
Investment/Interest Income	105,000	105,000	-	105,000	110,000	
TOTAL REVENUES	10,623,961	8,985,750	1,359,750	10,345,501	10,126,421	
EXPENDITURES						
Salaries & Benefits	2,953,810	2,955,973	-	2,955,973	3,253,764	COLA and staff benefit adjustments
Supplies & Services	398,055	413,305	2,695	416,000	475,300	Reclassification of expenditures and new Community Outreach/Marketing
Contractual Services	1,966,000	1,932,813	90,000	2,022,813	2,312,500	CIP Budget
Capital Projects (CIP)	11,067,978	3,881,674	-	3,881,674	11,769,357	CIP Budget
TOTAL EXPENDITURES	16,385,843	9,183,765	92,695	9,276,460	17,810,921	
NET REVENUES						
Surplus (Deficit)	(5,761,882)	(198,015)	1,267,055	1,069,041	(7,684,500)	
FUND BALANCES						
Beginning	40,989,569	40,989,569	-	40,989,569	42,058,609	
Ending	\$ 35,227,687	\$ 40,791,554	\$ 1,267,055	\$ 42,058,610	\$ 34,374,110	Ending Fund Balance
Fund Balances						
<i>Committed/Assigned for:</i>						
CalPers Termination	\$ 5,300,000	\$ 7,300,000		\$ 7,300,000	\$ 7,300,000	
Operations	4,700,000	4,700,000		4,700,000	4,700,000	
Habitat Management (HM/HCP)	9,803,000	11,385,440		11,385,440	13,253,306	
Building Removal	6,589,000	7,089,000		7,089,000	3,339,000	
CIP	4,300,289	8,642,411	1,457,750	10,100,161	5,147,129	
<i>Unassigned</i>	4,535,398	1,674,703	(190,695)	1,484,008	634,675	
Ending Fund Balance	\$ 35,227,687	\$ 40,791,554	\$ 1,267,055	\$ 42,058,609	\$ 34,374,110	

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

EXPENDITURE CATEGORIES	FY 16-17 Approved	FY 16-17 Approved Mid-Year	FY 16-17 Variance Projected thru 6/30/17	Projected 6/30/17	FY 17-18 Preliminary	Change from Prior Year	NOTES
							"N" indicates a new expense in FY 17-18 budget
<u>SALARIES AND BENEFITS (S & B)</u>	16 positions + 1 intern	16 positions + 1 intern	16 positions + 1 intern	16 positions + 1 intern	16 positions + 1 intern		
SALARIES	1,776,107	1,765,777	-	1,765,777	1,911,684	145,907	Includes 3% COLA and Step/Longevity
BENEFITS/HEALTH, RETIREMENT, OTHER	712,703	625,196	-	625,196	671,386	46,190	Health Ins anticipated 5% increase Jan' 18
TEMP HELP/VACTION CASH OUT/STIPENDS	65,000	65,000	-	65,000	95,694	30,694	PEPRA retention
SUBTOTAL S & B	2,553,810	2,455,973	-	2,455,973	2,678,764	222,791	
<u>CalPERS UNFUNDED LIABILITIES (UAL)</u>							
SIDE FUND - PAYOFF	-	-	-	-	-	-	
SHARE OF RISK POOL UAL - PARTIAL PAYMENT	400,000	500,000	-	500,000	575,000	75,000	Final installment of unfunded actuarial liability - reduces
SUBTOTAL PERS UAL	400,000	500,000	-	500,000	575,000	75,000	termination liability, save interest.
TOTAL SALARIES, BENEFITS AND UAL	2,953,810	2,955,973	-	2,955,973	3,253,764	297,791	
<u>SUPPLIES AND SERVICES</u>							
PUBLIC & LEGAL NOTICES	6,000	6,000	-	6,000	8,000	2,000	Cost due to increased font size of required notices
COMMUNICATIONS	8,000	8,000	-	8,000	8,000	-	
DUES & SUBSCRIPTIONS	8,855	11,105	2,695	13,800	25,000	11,200	Reclassification of expenditures from Economic Development
PRINTING & COPY	8,000	8,000	-	8,000	13,000	5,000	HCP Public Review Draft - community engagement
SUPPLIES	14,000	14,500	-	14,500	16,000	1,500	
EQUIPMENT & FURNITURE	15,500	15,500	-	15,500	25,000	9,500	Replace defunct hardware
TRAVEL & LODGING	22,500	34,000	-	34,000	33,000	(1,000)	
CONFERENCE, TRAINING & SEMINARS	17,500	17,500	-	17,500	19,000	1,500	
MEETING EXPENSES	13,500	13,500	-	13,500	15,000	1,500	Carpenter's Hall rental fee increase
TELEVISED MEETINGS	7,000	7,000	-	7,000	7,000	-	
BUILDING MAINTENANCE & SECURITY	10,000	10,000	-	10,000	10,000	-	
FORA OFFICES RENTAL	180,000	180,000	-	180,000	180,000	-	
UTILITIES	12,000	12,000	-	12,000	13,500	1,500	Anticipated rate increase
INSURANCE	26,000	26,000	-	26,000	27,300	1,300	Anticipated 5% increase
PAYROLL/ACCOUNTING SERVICES	6,000	7,000	-	7,000	7,500	500	Anticipated rate increase
IT/COMPUTER SUPPORT	29,000	29,000	-	29,000	29,000	-	
RECORD ARCHIVING	1,000	1,000	-	1,000	1,000	-	
PREVAILING WAGE TECH SUPPORT/SOFTWARE	10,000	10,000	-	10,000	10,000	-	
N Community Outreach/Marketing					25,000	25,000	Open House, Community meetings, marketing, etc.
OTHER (POSTAGE, BANK FEES, MISC)	3,200	3,200	-	3,200	3,000	(200)	
TOTAL SUPPLIES AND SERVICES	398,055	413,305	2,695	416,000	475,300	59,300	
<u>CONTRACTUAL SERVICES</u>							
AUTHORITY COUNSEL	200,000	200,000	-	200,000	200,000	-	
LEGAL/LITIGATION FEES	100,000	100,000	-	100,000	125,000	25,000	Potential Litigation
LEGAL FEES - SPECIAL PRACTICE	-	-	-	-	25,000	25,000	Alan Waltner - contract amendment
AUDITORS	20,000	22,813	-	22,813	24,000	1,187	Anticipated standard 5% increase
SPECIAL COUNSEL (EDC-ESCA)	175,000	110,000	-	110,000	100,000	(10,000)	
ESCA/REGULATORY RESPONSE/ QUALITY							
ASSURANCE	418,000	370,000	90,000	460,000	460,000	-	
FINANCIAL CONSULTANT	100,000	100,000	-	100,000	25,000	(75,000)	EPS - biennial study
LEGISLATIVE SERVICES CONSULTANT	43,000	43,000	-	43,000	43,000	-	
PUBLIC INFORMATION/OUTREACH	20,000	32,000	-	32,000	20,000	(12,000)	
HCP CONSULTANTS	150,000	150,000	-	150,000	150,000	-	
FORA Sunset/Transition	105,000	75,000	-	75,000	50,000	(25,000)	EPS
REUSE PLAN IMPLEMENTATION	100,000	100,000	-	100,000	150,000	50,000	Cat III
CEQA CONSULTANTS	300,000	300,000	-	300,000	-	(300,000)	Consolidated with CIP/Architects & Engineer
CIP/ARCHITECTS & ENGINEERS	25,000	195,000	-	195,000	750,000	555,000	Consolidation plus Eastside Pkwy environmental
PROPERTY TAX SHARING/REUSE	-	-	-	-	-	-	
ECONOMIC DEVELOPMENT	110,000	110,000	-	110,000	85,500	(24,500)	Sponsorship/Local support
PW WAGE CONSULTANTS	75,000	-	-	-	75,000	75,000	
OTHER CONSULTING/CONTRACTUAL EXP	25,000	25,000	-	25,000	30,000	5,000	New Special District Reporting Requirements
TOTAL CONTRACTUAL SERVICES	1,966,000	1,932,813	90,000	2,022,813	2,312,500	289,687	
<u>CAPITAL PROJECTS</u>							
TRANSPORTATION/OTHER CIP PROJECTS	8,032,538	3,381,674	-	3,381,674	8,019,357	4,637,683	CIP Budget
HCP ENDOWMENT	2,035,440	-	-	-	-	-	
BUILDING REMOVAL	1,000,000	500,000	-	500,000	3,750,000	3,250,000	
TOTAL CAPITAL PROJECTS	11,067,978	3,881,674	-	3,881,674	11,769,357	7,887,683	
TOTAL EXPENDITURES	16,385,843	9,183,765	92,695	9,276,460	17,810,921	8,534,461	

PROPOSED SALARY AND BENEFITS ADJUSTMENT

Staff recommends the following:

- 1) Effective October 1, 2016, pursuant to independent human resources consultant and FC/EC recommendations, the FORA Board adjusted salary ranges to bring FORA employees to equity with other Monterey Bay Regional labor market agencies and affiliated jurisdictions. To sustain this equity, the preliminary budget includes scheduled salary step increases for eligible staff. Proposed Cost-of Living adjustment (COLA) is provided.

<u>Cost-of-Living-Adjustment (COLA)</u>	<u>3.00%</u>	FY 17-18 BUDGET IMPACT	
		3.0% COLA	
<i>CPI SF-Oakland-SJ report (available data thru 2/17): 3.44%</i>		64,427	
<i>Effective date:</i>	<i>July 1, 2017</i>	55,680	<i>Salary increase</i>
<i>Eligibility:</i>	<i>Must be full-time, employed with FORA for the past 12 months.</i>	8,747	<i>Benefits increase - impacts only CalPers and Wcomp</i>
		2,518,643	Total S & B/No COLA
		2,583,070	Total S & B/With COLA
		64,427	Difference

- 2) Staff Benefit Equalization for PEPRA Employees
 - * Effective January 1, 2013, Employees new to the CalPers Retirement System (PEPRA covered employees) are required to pay their 6.25% share of the retirement plan.
 - * FORA pays 7%
 - * CalPers allows for a special pay, similar to a stipend or bonus that would not increase retirement benefits of the employee.
 - * CalPers acknowledges that a 6.25% special pay to PEPRA covered employees is allowable as long as it does not increase retirement benefits. Additionally, because the Classic employees have better retirement benefits and employees share is paid by FORA, it would not be discriminatory to give PEPRA employees a 6.25% special pay.



FORT ORD REUSE AUTHORITY OPERATING CASH RESERVES INVESTMENT POLICY

Adopted: 10-10-2003

Revised: 12-08-2006

Revised: 02-14-2009

I. PURPOSE/GOALS

- A. This policy establishes Fort Ord Reuse Authority ("FORA") operating cash reserves investment guidelines.
- B. The goals of this investment policy, in order of priority, are as follows:
 - 1. Preserve Principal; safety of principal is the foremost objective. FORA's investments shall avoid capital losses.
 - 2. Liquidity; the investment portfolio will remain sufficiently liquid to meet FORA's operating requirements.
 - 3. Return on Investment; deliver competitive returns subject to prevailing market conditions.

II. DELEGATION OF AUTHORITY

- A: The FORA Executive Officer has the responsibility for managing the investment program. The Executive Officer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Executive Officer.
- B. The Executive Officer shall consult with the Finance Committee Chair any investment transaction exceeding 5% of FORA's total portfolio. Debatable investment transactions shall be forwarded to the Executive Committee for direction.
- C. The Executive Officer may retain the services of an investment advisor.

III. PRUDENCE

The FORA Executive Officer when investing or depositing public funds, shall exercise the care, prudence and diligence that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives. The Executive Officer (and any persons with delegated authority) shall be relieved of personal responsibility for an individual security's

credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

IV. INVESTMENT GUIDELINES

A. MATURITY

Unless matched to a specific cash flow, FORA should not invest in securities maturing more than 12 months from the date of purchase.

B. ELIGIBLE INVESTMENTS

The following investments are authorized for inclusion in the portfolios:

1. Obligations of the U.S. Treasury;
2. Obligations guaranteed by the U.S. Government other than U.S. Treasuries;
3. Obligations of U.S. Federal Agencies and Government Sponsored Enterprises;
4. Bank obligations including: Certificates of Deposit, Deposit Notes, Repurchase Agreements for up to 30 days, and Bankers Acceptances that are registered with the Securities and Exchange Commission and that are consistent with FDIC insurance;
5. Savings and Money Market Accounts;
6. Money market funds and other funds whose portfolios consist of any allowed instrument as specified in this section; and
7. State of California's Local Agency Investment Fund ("LAIF").

C. CREDIT QUALITY

1. Emphasis will be placed on securities of high credit quality.
2. Collateral is required for investments noted in B.4. above; the collateral level will be at least 110% .

D. DIVERSIFICATION PARAMETERS

The investments will be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of

investments. Investments shall always be selected that provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the finance committee/Executive Officer.

The investments shall be diversified by:

- limiting investment overconcentration in a specific issuer or business sector (excluding LAIF, U.S. Treasury and U.S. Government securities),
- investing in securities with varying maturities and limiting investment in securities that have higher credit risks; and
- continuously investing a portion of the portfolio in readily available funds such as LAIF, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

E. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

FORA shall only invest with banks, savings and loans, credit unions, and securities dealers approved by the Authority Board.

V. AUDITS

FORA external independent auditors shall review FORA's compliance with the investment policy in connection with the annual financial audit.

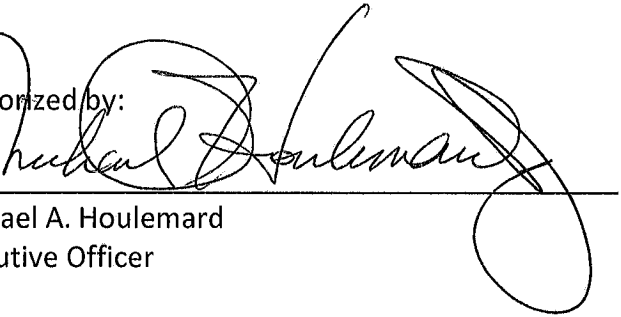
VI. REPORTING

The Controller shall provide quarterly investment reports to the FORA Board. The report shall include a listing of all securities held in the portfolio. Such listing shall include at least the following information: investment description, maturity date, amount of deposit, current market value, rate of interest, and percent distribution of each type of investment

VII. REVIEW AND AMENDMENTS

This Investment Policy shall be reviewed annually and may be amended as needed. Any amendments shall be reviewed by the Finance Committee and adopted by the FORA Board.

Authorized by:



Michael A. Houlemard
Executive Officer



Date



FORT ORD REUSE AUTHORITY PROCEDURES FOR OPERATION OF INVESTMENT POLICY

Adopted: 02-14-09

PURPOSE/GOALS: Set forth a system of controls for the operation of the investment program

A. Executive Officer

The Executive Officers is authorized to manage the investment program and is responsible for approving and signing all investment transactions.

The Executive Officer will consult with: a) the Finance Committee (FC) Chair for any investment transaction exceeding 5% of FORA's total portfolio; and b) the Executive Committee for any transaction or issue recommended by the FC Chair.

DELEGATION OF AUTHORITY

B. Controller

The Executive Officer delegates investment program management to the Controller. Under the direction of the Executive Officer, the Controller shall act in accordance with investment policy procedures and internal controls for the operation of the investment program.

Controller's authority/responsibility:

1. Make short-term transfers from the general checking account to money market/LAIF account to maximize interest, keeping an appropriate general checking account balance to meet daily cash requirements.
2. Make long-term investments after review and approval by the Executive Officer and FC Chair.
3. Prepare quarterly investment reports to the FORA Board.

C. Accounting Officer

The Executive Officer delegates certain investment responsibilities to the Accounting Officer. Under the direction of the Controller, the Accounting Officer shall act in accordance with investment policy procedures and internal controls for the operation of the investment program.

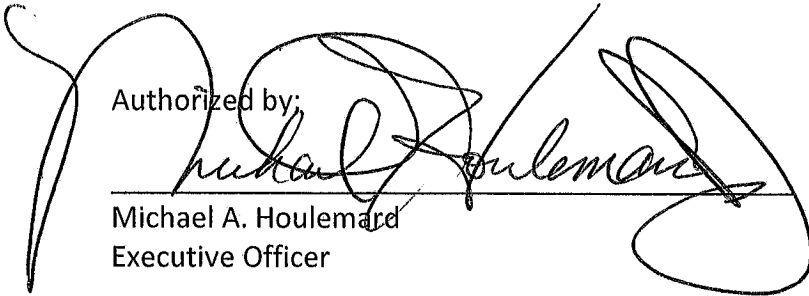
Accounting Officer's authority/responsibility:

Make short-term investments as directed by the Controller.

D. Limitation

No person may engage in an investment transaction except as provided under the terms of the investment policy and these procedures.

Authorized by:


Michael A. Houlemard
Executive Officer

2-14-2009
Date



FORT ORD REUSE AUTHORITY (FORA)

OPERATING CASH RESERVES

INVESTMENT POLICY

Adopted: 10-10-2003

Revised: 12-08-2006

Revised: 02-14-2009

I. PURPOSE/GOALS

- A. This policy establishes FORA operating cash reserves investment guidelines.
- B. The goals of this investment policy, in order of priority, are as follows:
 - 1. Preserve Principal; safety of principal is the foremost objective. FORA's investments shall avoid capital losses.
 - 2. Liquidity; the investment portfolio will remain sufficiently liquid to meet FORA's operating requirements.
 - 3. Return on Investment; deliver competitive returns subject to prevailing market conditions.

II. DELEGATION OF AUTHORITY

- A. The FORA Executive Officer is responsible for managing the investment program. The Executive Officer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Executive Officer.
- B. The Executive Officer shall consult with the Finance Committee Chair any investment transaction exceeding 5% of FORA's total portfolio. Debatable investment transactions shall be forwarded to the Executive Committee for direction.
- C. The Executive Officer may retain the services of an investment advisor.

III. PRUDENCE

The FORA Executive Officer when investing or depositing public funds, shall exercise the care, prudence and diligence that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives. The Executive Officer (and any persons with delegated authority) shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

IV. INVESTMENT GUIDELINES

A. MATURITY

Unless matched to a specific cash flow, FORA should not invest in securities maturing more than 12 months from the date of purchase.

B. ELIGIBLE INVESTMENTS

The following investments are authorized for inclusion in the portfolios:

- 1. Obligations of the U.S. Treasury;
- 2. Obligations guaranteed by the U.S. Government other than U.S. Treasuries;
- 3. Obligations of U.S. Federal Agencies and Government Sponsored Enterprises;
- 4. Bank obligations including: Certificates of Deposit, Deposit Notes, Repurchase Agreements for up to 30 days, and Bankers Acceptances that are registered with the Securities and Exchange Commission and that are consistent with FDIC insurance;

5. Savings and Money Market Accounts;
6. Money market funds and other funds whose portfolios consist of any allowed instrument as specified in this section; and
7. State of California's Local Agency Investment Fund ("LAIF").

C. CREDIT QUALITY

1. Emphasis will be placed on securities of high credit quality.
2. Collateral is required for investments noted in B.4. above; the collateral level will be at least 110% .

D. DIVERSIFICATION PARAMETERS

The investments will be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments shall always be selected that provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the finance committee/Executive Officer. The investments shall be diversified by:

- limiting investment overconcentration in a specific issuer or business sector (excluding LAIF, U.S. Treasury and U.S. Government securities),
- investing in securities with varying maturities and limiting investment in securities that have higher credit risks; and
- continuously investing a portion of the portfolio in readily available funds such as LAIF, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

E. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

FORA shall only invest with banks, savings and loans, credit unions, and securities dealers approved by the Authority Board.

V. AUDITS

FORA external independent auditors shall review FORA's compliance with the investment policy in connection with the annual financial audit.

VI. REPORTING

The Controller shall provide quarterly investment reports to the FORA Board. The report shall include a listing of all securities held in the portfolio. Such listing shall include at least the following information: investment description, maturity date, amount of deposit, current market value, rate of interest, and percent distribution of each type of investment

VII. REVIEW AND AMENDMENTS

This Investment Policy shall be reviewed annually and may be amended as needed. Any amendments shall be reviewed by the Finance Committee and adopted by the FORA Board.

Authorized by:

Michael A. Houlemard
Executive Officer

Date