



Date: April 7, 2010

To: The Honorable Board of Directors

From: Richard W. Atwater
Chief Executive Officer/General Manager

Subject: General Manager's Report Regarding Agency Activities

INTERAGENCY WATER MANAGERS' MEETING

The next Interagency Water Managers' meeting is scheduled for April 15, 2010, as part of the Watermaster Advisory Committee agenda.

OPERATIONS

Information Technology Initiative

In an effort to streamline the operation and maintenance of the Agency's communication infrastructure and eliminate duplication of technological processes and support, the network group within Information Services (IS) has merged with the Distributed Control System (DCS) group currently residing in the Maintenance Department, creating the Integrated Systems Services (ISS) Department. Under the new structure, all current staff members in DCS, three staff members from the IS network group, and one applications analyst will report to the Deputy Manager of IS, who will subsequently report to the Manager of Maintenance. The provision of excellent customer service to all stakeholders within the Agency will remain the main focus of this new group. Other major benefits that would be gained through the new structure include the following:

- Opportunity for staff growth and development
- Optimization of staff productivity through cross training
- Elimination of duplicate hardware, software, and maintenance contracts
- Comprehensive and unified approach to technology selection
- Timely and easy access to information

In addition, responsibility for the following applications has been moved to the new group: Payroll, HR/ABRA, Primavera, LIMS, Liberty, website design and maintenance. The remaining staff in IS will continue to report to the Manager of IS and will remain focused on supporting SAP, LIMS and Primavera.

Groundwater Recharge

SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS				
February 2010				
Drainage System	Recharge Volume (AF)*			Management
Basin	SW/LR	MW	RW	Zone Subtotals
San Antonio Channel Drainage System				MZ-1 1,197 AF**
College Heights	7	-	N	
Upland	168	-	N	
Montclair 1, 2, 3 & 4	279	-	N	
Brooks	215	-	54	
West Cucamonga Channel Drainage System				
8th Street	366	-	-	
7th Street	108	-	-	
Ely 1, 2, & 3	92	-	-	
Minor Drainage				
Grove	71	N	N	
Cucamonga and Deer Creek Channel Drainage Systems				MZ-2 1,559 AF**
Turner 1 & 2	329	-	-	
Turner 3 & 4	175	-	-	
Day Creek Channel Drainage System				
Lower Day	146	3	X	
Etiwanda Channel Drainage System				
Etiwanda Debris	146	-	X	
Victoria	174	-	X	
San Sevaine Channel Drainage System				
San Sevaine 1, 2, 3, & 4	197	-	N	
San Sevaine 5	26	-	X	
West Fontana Channel System				
Hickory	200	-	-	
Banana	143	-	-	
Declez Channel Drainage System				MZ-3 867 AF**
RP3 Cells 1, 3, & 4	345	-	113	
RP3 Cell 2	25	-	-	
Declez	241	-	-	
Non-Replenishment Recharge**				
Brooks (MVWD) MZ-1	-			
Montclair (MVWD) MZ-1	-			
Turner (SAWCO) MZ-2	-			
Ely (Ontario) MZ-2	-			
Month Total = 3,623 AF	3,453	3	167	
Fiscal Year to Date Total				
Since July 1, 2009 = 15,930 AF	12,095	29	3,806	
SW : Storm Water, LR : Local Runoff (and GE, MVWD), MW : MWD Imported Water, RW : Recycled Water - : No stormwater/local runoff, or basin not in use due to maintenance or testing. X : Turnouts not available - to be installed during future projects. N : No turnout planned for installation. * : Data are preliminary based on the data available at the time of this report preparation. ** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.				

Printed: Mar. 16, 10

HUMAN RESOURCES

The Agency's CalPERS Blue Shield Account Manager will be on site at Agency Headquarters on Tuesday, April 27th from 12:00 p.m. to 1:00 p.m. for our first lunch and learn session. The informational meeting will be held in the Sadie room and will begin with a brief presentation on member benefits and resources. The second half of the meeting will focus on member online access to the Blue Shield of California website and how members can enroll in the Healthy Lifestyles Rewards programs. The program promotes a healthy lifestyle and provides members with cash incentives.

Staff participated in the second Career Day hosted by the Agency on Thursday, March 18th at the Event Center. During the two hour session, students from the elite International Baccalaureate Program at Letha Raney Intermediate School in Corona received valuable information regarding the Agency. Representatives from Engineering/Planning, Fiscal Management, Operations/Maintenance and Human Resources Departments made brief presentations. Human Resources staff focused on information that would highlight and distinguish IEUA as an Employer of Choice in the Inland Empire.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	285
Contract/Limited Term Employees:	13
Interns:	17
TOTAL:	315

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	2
Placement in Process:	0
No RFVP; Position on Hold:	21
Total Regular Vacancies (Excludes Contract & Intern Positions):	23

<u>RECRUITMENTS/PLACEMENT IN PROCESS</u>							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Operator I-V	550-Carbon Canyon Operations	12/09	Open Until Filled	OP094-OP095	4/10	Recruitment in Process
2	Senior Maintenance Technician	RP-1/RP-4 Plant Maintenance	03/10	Open Until Filled	GU096	5/10	Recruitment in Process

General Manager's Report Regarding Agency Activities

April 7, 2010

Page 4 of 14

<u>POSITIONS ON HOLD (8% Vacancy Factor)</u>			
Position		Department	Vacant Since
1	Staff Internal Auditor	107-Internal Audit	3/09
2	Chief Financial Officer	210-Office of Finance and Administration	1/10
3	Human Resources Analyst	250-Human Resources	10/08
4	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
5	Manager of Program Funding	420-Engineering	12/09
6	Sr. Engineer	420-Engineering	12/08
7	Engineering Technician	420-Engineering	3/09
8	Assistant Engineer	420-Engineering	9/09
9	Deputy Manager of Construction Management	425-Construction Management	8/08
10	Construction Project Coordinator (Limited Term)	425-Construction Management	2/09
11	Construction Project Coordinator (Limited Term)	425-Construction Management	1/10
12	Construction Project Coordinator	425-Construction Management	12/09
13	Administrative Secretary (Limited Term)	425-Construction Management	12/08
14	Sr. Engineer	517-Technical Services	2/10
15	Junior Operations Assistant	540-RP1 Operations	3/09
16	Sr. Operator	540-RP1 Operations	5/09
17	Operator	540-RP1 Operations	10/09
18	Operator	540-RP1 Operations	6/09
19	Electrician II	553-RP2/CC Elect/Instrument Maint	11/09
20	Junior Operations Assistant	580-RP2/RP5 Operations	5/09
21	Operator	580-RP2/RP5 Operations	2/09

CONTRACT/LIMITED TERM VACANCIES

None.

INTERN VACANCIES

None.

CONSTRUCTION MANAGEMENT

MAGNOLIA CHANNEL, PROJECT NO. EN06020.03

This project is an ARRA funded project to enhance the Magnolia Channel which flows through the RP-5 site. At this time, the contractor has started the rough grading activities for the proposed detention basin. Construction Management is currently working with the soils technicians and the Engineer-of-Record to review the grading requirements prescribed in the soils report for applicability. Staff is currently coordinating with Carson Development on issues related to utilities to serve their site.

NRW COLLECTION SYSTEM ASSET MANAGEMENT, PHASE II, PROJECT NO. EN07011.05, EN07011.07 AND EN06011.02

All rehabilitation on Vineyard Ave, 8th Street, and Chino Avenue was anticipated to be completed by the end of March. Work will be completed by June 2010. IEUA is currently in negotiation with the City of Ontario to coordinate manhole rising on Philadelphia Avenue versus having the Agency's contractor doing this work after the street work has been completed.

REGIONAL PLANT NO. 1 DEWATERING FACILITY EXPANSION, PROJECT NO. EN06015.00

SSC Construction & Engineering completed excavation of the pump station and completed cast-in place concrete placement of the pumps station's foundation and walls. SSC and its subcontractors scheduled a shutdown and tie-in to relocate control system wiring and power system to the blower for the week of March 15, 2010. In addition, SSC will continue to perform work related to cast in place walls which includes curing, patching, and waterproofing.

REGIONAL PLANT NO. 1 DEWATERING FACILITY EXPANSION, PROJECT NO. EN06015.01

Mike Bubalo Construction Inc. has continued preparing submittals for equipment and materials for the new 8-inch diameter ductile iron pressurized pipeline from the dewatering building (existing and future) to an existing 21-inch RCP pipeline. Current field activities include potholing and mobilization activities.

REGIONAL PLANT NO. 1 DEWATERING LANDSCAPING, PROJECT NO. EN06015.02

SIMS Construction has completed all construction activities and the project is in a 90 day maintenance period.

REGIONAL PLANT NO. 1 ASSET MANAGEMENT ITEMS, PHASE II AND DECHLORINATION STATION UPGRADES, PROJECT NO. EN07006.04

Coconstruction Company and their subcontractor, Davis Electric, performed the influent pump station VFD tie-in and testing activities from March 16, 2010 thru March 23, 2010. In addition, the contractor is preparing a detailed cost estimate for the work associated with the SBS pump

modifications. If those costs are determined to be fair and equitable, a course of action will be recommended and a schedule prepared to complete the work.

REGIONAL PLANT NO. 1 DIGESTER 3 ROOF REHABILITATION, PROJECT NO. EN08024.00

DenBoer Engineering & Construction has completed all construction activities and the project close-out has begun.

REGIONAL PLANT NO. 1 ODOR CONTROL, PHASE 1B AND SOLIDS BYPASS, PROJECT NO. PL03006.00

The contractor, Mike Bubalo Constructors, mobilized onsite on Thursday, March 11, 2010, and began hauling off the media on the east side of the biofilter. The contractor has hauled off all of the media and cleaned out all of the pores which are located on the east and west side of the biofilter. The media stockpile is currently being stored just north of the biofilter. The engineer is currently testing air flow and drainage efficiency. The engineer's recommendations will be provided by the end of the month.

REGIONAL PLANT NO. 1 CHINO BASIN FACILITIES IMPROVEMENTS, PHASE II PKG. C (TURNOUT SERVICE PIPELINE CONNECTIONS & SCADA IMPROVEMENT), PROJECT NO. TS07004.03

The contractor, Norstar Plumbing and Engineering, began berm improvements the week of January 11, 2010, within Basin No. 5 as part of the Chino Basins Facilities Improvement Program, Phase II. Norstar Plumbing and Engineering has completed the spillway section on the north side of the improved berm. The spillway was extended an additional six feet so the toe is below the flow line preventing water from undermining the spillway. They are currently filling, compacting, and building up the south section of the berm where the breach was located and anticipate completing all improvements by the first week of April.

RECYCLED WATER RETROFIT-GUASTI PARK, PROJECT NO. PU06507.01

The County of San Bernardino has requested that additional items be included in the scope of work for the contractor. The remaining portion of this work is currently being bid by Engineering. One warranty issue regarding the repair of a bent gate remains to be resolved by the contractor. Work was expected to be completed by the end of March 2010.

PHILADELPHIA PUMP STATION RECYCLED WATER RETROFIT, PROJECT NO. PU09709.01

This project will retrofit the Philadelphia Lift Station for the use of recycled water. The bid set of plans are currently being revised to add additional valves, valve cans, and additional standard detail sheets per the City of Ontario plan check comments. The contractor is to begin the submittal process and proceed to apply for an encroachment permit.

1299 EAST RECYCLED WATER PIPELINE, PROJECT NO. WR08027

The contractor, Weka Inc., has completed welding and grouting the pipe sections in the flood control channel access road between West Liberty and Foothill Blvd., and has begun the jack and bore under Foothill Blvd. as well. The contractor has also completed placement of the pipe which runs across the wash next to Arrow Route, and anticipates completing the welding and grouting of

this section shortly. The contractor is also working on completing revisions to their pipeline testing procedure.

1630 EAST RECYCLED WATER PUMP STATION AND 1299 EAST RESERVOIR CONVERSION, PROJECT NO. WR08028

The contractor, Schuler, completed the installation and encasement of both the suction and discharge headers. The electrical subcontractor will begin sub-slab conduit installation which is anticipated to take up to two weeks to complete.

1630 EAST RECYCLED WATER PIPELINE, SEGMENT A, PROJECT NO. WR08031

The contractor, Weka Inc. is continuing to submit technical, general, and special condition submittals to fulfill ARRA requirements, and is working on permit approval to enter Caltrans right-of-ways. The contractor has taken delivery of 36-inch CML&C steel pipe on the access road near Victoria basin, and has commenced excavation and placement efforts. Work is currently being coordinated with the scheduling of an active Agency construction project within Victoria Basin (lysimeter installation).

MONITORING WELLS AND LYSIMETERS AT VICTORIA AND SAN SEVAINE BASINS, PROJECT NO. EN09012

The lysimeter contractor, Boart Longyear, has started pumping down the Victoria Basin to allow access to drill the lysimeters cluster. Thomas Harder has been on site during the installation of the lysimeters cluster at San Sevaime Basin to monitor and assure specification compliance. The San Sevaime Basin trenching and monitoring station have been delayed due to unforeseen obstructions in the trench path that requires a concrete encasement that will protect the monitoring tubing. A RFD with a complete detail for the work was sent to the contractor for review and pricing. Best Drilling have substantially completed their work and are in the process of providing final documentation for close out

CHURCH STREET LATERAL, PROJECT NO. EN09002

The contractor, CP Construction, has been trained on the use of CIPO and has been submitting all correspondence through this database. The traffic control has been approved and installed for the Etiwanda work. CVWD has completed the re-alignment drawings of the 30-inch pipeline segment with the data provided from the potholing along the proposed alignment. IEUA has received the drawings and are in the process of reviewing them. The contractor has completed a portion of work along Jack Benny Drive. The contractor is now in the process of testing the installed equipment in this area. The weekly project meetings continue to be attended by CVWD, IEUA, and the contractor with good progress being made.

RP-5 RECYCLED WATER PUMP STATION EXPANSION, PROJECT NO. EN10001.00

This project will upgrade the Regional Plant No.5 recycled water pump station from its peak capacity of 4.5 MGD to 13.8 MGD with provisions for future expansion. Materials including, but not limited to pumps, motors, manifold, and piping will be furnished by the Agency. The contractor was scheduled to mobilize by March, 17, 2010. Construction Management and Operations are working with the contractor to start isolating and testing each of the five butterfly valves beginning this week. If no leakage is detected, the contractor will proceed with demolition activities.

CIM RECYCLED WATER PIPELINE, PROJECT NO. EN08014.00

Construction work is completed. Agency staff and the contractor, Murrieta Development, have negotiated extra work/change order work. The project acceptance went to the board for close-out on March 17, 2010.

PHILADELPHIA PUMP STATION ADDITIONAL UPGRADES, PROJECT NO. EN07011.04

This project will replace an isolation valve, three pressure sensors, and provide related DCS functionality as well as providing the Ferric Chloride tank holding area a chemical-proof coating to keep leakage of the tank, pipes, or pumps from flowing into the environment and install a gravity sewer line. The Agency is currently looking into rerouting the existing underground conduits located at the Ferric Chloride secondary confinement tank, as water may be traveling through said conduits. Agency is still waiting on the contractor to submit updated P&ID drawings and loop check sheets prior to testing newly installed equipment. Minor touch-up work on the Ferric Chloride secondary holding tank should be completed by the contractor by the end of March.

RP2 SLUDGE LINE LEAK AND SUBSEQUENT FERRIC LEAK DISCOVERY

Staff received written approval from the San Bernardino County HAZMAT inspector to return the site to normal conditions. The low bidder has been issued a Task Order to pursue the remaining work at this site which includes importing fill material from RP-5, installing double-walled Ferric piping, and placing all base material and asphalt paving. This project is scheduled for completion by the end of March 2010.

IERCF AMENDMENT HOPPER PIPE BAFFLES, PROJECT NO. RA02041.02

Staff has continued to work with the consultant, CDM, and the contractor to experiment with various baffle configurations. On the evening of February 16, 2010, the last configuration was installed. This has effectively closed the bottom two thirds of the hopper and should eliminate a majority of the load on the augers. This configuration was successfully tested on February 17, 2010. CDM is preparing the design for the tested configuration that will be subsequently installed.

IERCF BACKUP GENERATOR, EMERGENCY LIGHTING, AND EXTERNAL RESTROOM INSTALLATION, PROJECT NO. RA08003.00

The north and south switchgear have been received onsite and their respective base pad was poured during the week of March 1, 2010. Installation of the harmonic filters was delayed due to weather. All of the emergency lights have been installed and the restroom foundation and pad has been completed. The application for the Permit-To-Construct (PTC) for the generator has been sent to the AQMD and pending approval.

INSTALLATION OF PRVS BETWEEN 1158 AND 1050, PROJECT NO. EN07010.01

The pre-construction meeting was held on March 11, 2010, with a project duration of 105 calendar days. The scope of work includes in the installation of a 24-inch recycled water bypass with two 24-inch magnetic flow meters, a 16-inch PRV with a dual solenoid flow control valve, and air vac release valves. Additionally, the work will also include electrical and PLC modifications to incorporate the flow control for two PRVs and two magnetic flow meters. The contractor is scheduled to mobilize by March 25, 2010.

PUBLIC INFORMATION

Calendar of Events

April 2010

- April 7, Employee Service Award luncheon, Event Room, Noon
- April 9, Cintas Corporation Recycled Water Dedication in the City of Ontario, 10:00 a.m.
- April 10, Water Awareness Day, Cucamonga Valley Water District
- April 16, Chino Senior Center Club IEUA update, 10:00 a.m.
- April 16, GIES Dedication for Glenmeade Elementary School, Chino Hills, 9:00 a.m.
- April 17, Project Learning Tree Workshop, IEUA Event Room
- April 22, IEUA Earth Day in the Park, 3:30 p.m. to 6:30 p.m.
- April 23 - 24, Director Santiago's SWP tour

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The monthly tips on ways to help conserve water continue to appear in our local newspapers each month.

Water Conservation Outreach

IEUA is continuing to work with conservation partners to plan the Regional Conservation message. The slogan is *Saving Water...It's the Right Thing to Do*. The movie theatre campaign will begin appearing on May 28 and run through the end of September. The message will be ACWA's Save Our Water

Regional Conservation Outreach Campaign

- Ongoing monthly ¼-page ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News, La Opinion, and Inland Empire Magazine.
- Ongoing water wise gardening classes.
- Billboards.

Agency Tours

Numerous tours of RP-5 wastewater plant, HQ, and Chino Creek Park and Wetlands.

Educational Updates

- WEWAC is advertising for the High School Public Service Announcement (PSA) Video Contest. The deadline to submit videos is April 9th by 4:00 p.m.

FINANCE AND ADMINISTRATION

Major Revenue

Major Revenues for the Period Ended February 28th 2010

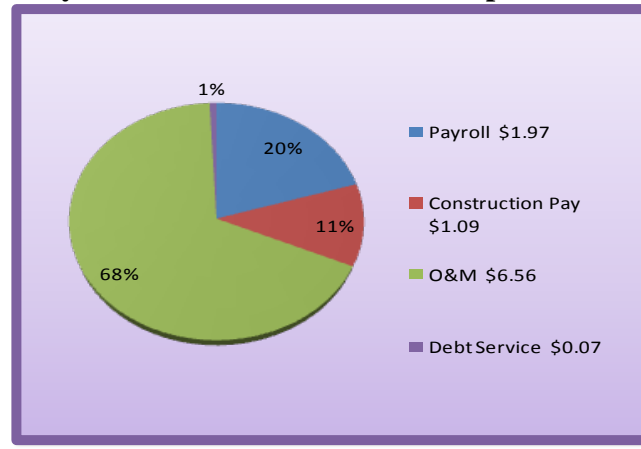
(millions) Target is 58%

A	B	C	D
Major Revenue Categories	Amended Budget	Actual to Date (Feb 2010)	% of Actual Vs Budget (B/C)
User Charges	\$46.16	28.48	62%
Recycled Water Sales	5.47	2.96	54%
Property Tax	34.44	15.12	44%
Connection Fees	4.77	6.41	134%
Grants	19.82	3.27	16%
SRF Loans	35.92	0.00	0%
	\$146.58	56.24	38%

Significant variance:

- User charges - In line with budget, on an annual basis
- Property Taxes - Primarily due to timing of property tax receipts, the majority of payments from San Bernardino County are in Qtr2 and Qtr3.

Accounts Payable Disbursement Account Update February 2010



During the Period February 1 through February 28, 2010, the Accounts Payable staff processed:

- 75 ACH Remittances
- 20 Wire Remittances
- 608 Check Remittances
- 703 Vendor Invoices and Credit Memos

Account/Receivables

IEUA Aging Report – As of 03/18/2010

IEUA Customer's (Note: Excludes RDA customers, Grant Customers, Customer CDA, and Customer RCA)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
5,170,105.57	5,072,862.04	93,653.34	1,454.23	-	-	2,135.96

Notes:

- 1) Current column, invoices billed, but not due yet.
- 2) Aging 1-30 days, balance pertains to invoices that are past due; (Dept of Corrections (CIW) accounts for the majority of balance). CIW has stated payment will be sent by second week of April 2010.
- 3) Aging 31-60 days, balance pertains to past due invoice; JCE has been denied entrance to IEUA plant until payment is received.
- 4) Aging over 120 days, Robo One Plumbing (customer is financial distress), total owed is \$2,135.96. (Customer's business status is unknown, unable to obtain functional phone number).

Customer CDA (Due to IEUA)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
180,351.78	-	71,463.20	108,888.58	-	-	-

Notes:

- 1) Current Column pertains to expense (system due from/due to) posted today.
- 2) Aging 1-30 days, pertains to expense (system due from/due to) posted in March '10, billable in April and payable in May.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in February '10, billable in March and payable in April.

Customer RCA (Due to IEUA)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
494,439.39	567.64	172,878.71	320,993.04	-	-	-

Notes:

- 1) Current Column pertains to expense (system due from/due to) today.
- 2) Aging 1-30 days, pertains to expenses (system due from /due to) posted in March '10, billable in April payable in May.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in February '10, billable in March and payable in April.

Customer CBWM (Due to IEUA)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
375,320.54	320.54	-	-	-	-	375,000.00

- 1) Aging >120 days, balance of \$375,000 pertains to CBWM for the Phase II Recharge Cost Sharing Invoice (outstanding for 132); Per Tom Love he will be resolving final payment with CBWM.

Investment Yield Comparables – 8 Week Run Rates

Investment Type	25-Jan	1-Feb	8-Feb	15-Feb	22-Feb	1-Mar	8-Mar	15-Mar
SWEEP ACCOUNT - CBB	1.00%	1.00%	1.00%	1.00%	0.90%	0.90%	0.90%	0.90%
CDARS (1 YR) -CBB	1.11%	1.11%	1.11%	1.11%	1.11%	1.11%	1.11%	1.11%
1 Yr CD – BofA	0.75%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
1 Yr CD – Wells Fargo	0.40%	0.40%	0.40%	0.40%	0.30%	0.30%	0.30%	0.30%
1 Yr CD Citibank	1.01%	1.01%	1.01%	1.01%	1.01%	0.80%	0.80%	0.80%
LAIF	0.56%	0.55%	0.54%	0.54%	0.54%	0.54%	0.55%	0.55%
US. Treasuries:								
US. Treasuries – 3-Mos	0.06%	0.07%	0.10%	0.11%	0.10%	0.12%	0.14%	0.16%
US. Treasuries – 6 Mos	0.14%	0.15%	0.17%	0.18%	0.19%	0.19%	0.19%	0.22%
US. Treasuries – 12 Mos	0.31%	0.31%	0.33%	0.35%	0.36%	0.34%	0.34%	0.36%
US. Treasuries – 2 Yrs	0.89%	0.86%	0.83%	0.86%	0.89%	0.86%	0.84%	0.93%
US. Treasuries – 3 – Yrs	1.44%	1.42%	1.38%	1.38%	1.44%	1.41%	1.36%	1.46%
US. Treasuries 5 - Yrs	2.42%	2.39%	2.33%	2.34%	2.42%	2.37%	2.29%	2.39%
US Government Sponsored Entities Benchmark Bullets								
2 yr Agency Bullets	0.95%	0.90%	0.93%	0.93%	0.97%	0.97%	1.07%	1.07%
3 yr Agency Bullets	1.65%	1.50%	1.58%	1.58%	1.57%	1.57%	1.64%	1.64%
5 yr Agency Bullets	2.65%	2.58%	2.62%	2.62%	2.54%	2.54%	2.64%	2.64%

Investment /Market Update

The average maturity is 759 days for current investments exclusive of LAIF. Including LAIF, the average maturity is 389 days, (assuming 2 days to liquidate the LAIF investment).

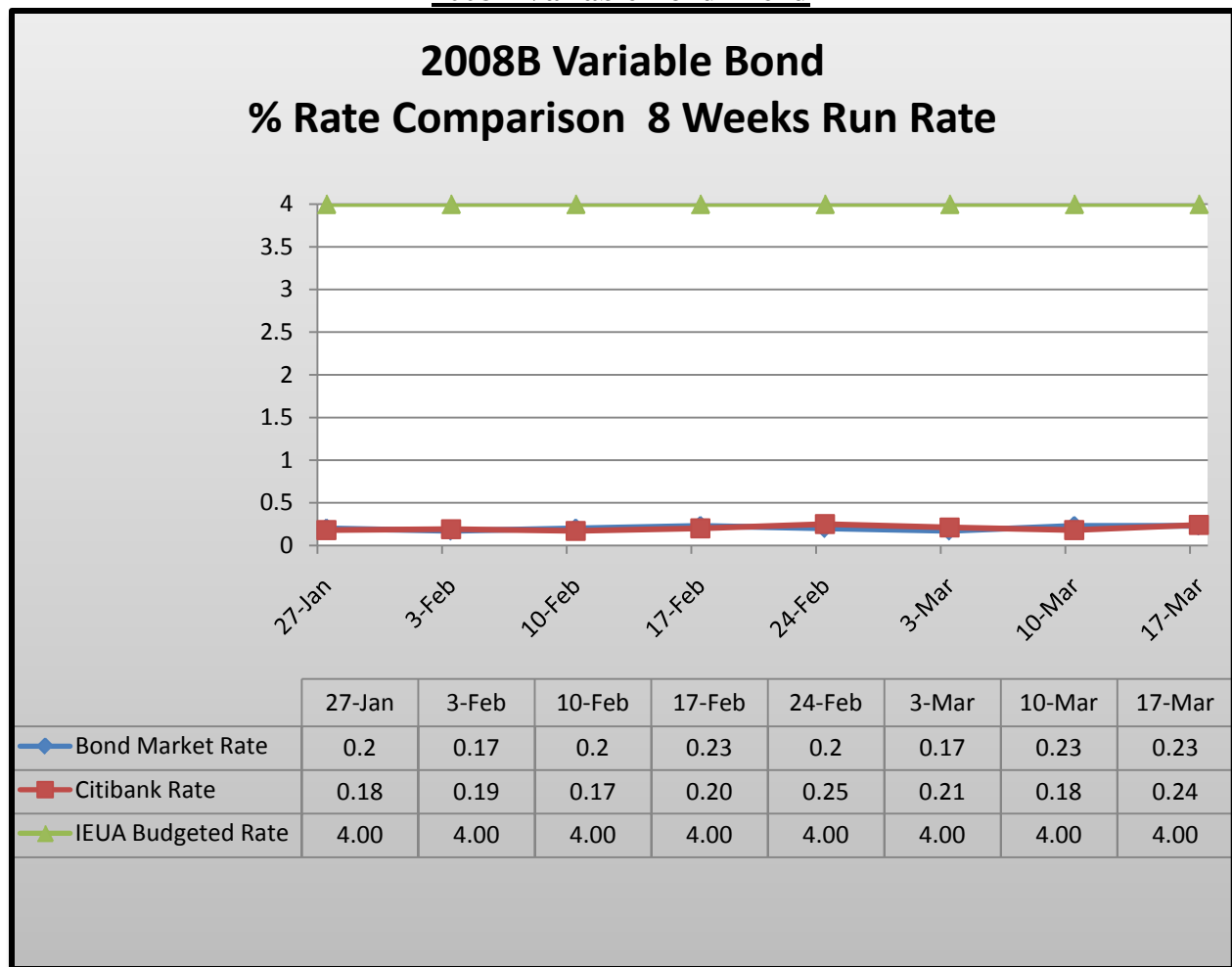
IEUA investment portfolio rate of return is estimated at 1.44% for the month of February compared to 1.47% from prior month as reported in January Treasurer Report of Financial Affairs. The estimated 3 basis point decline was due to one of the Agency bond investment matured that had a 3% yield, as well as the slight decline in LAIF performance. The average monthly effective LAIF yield is .54% as of 03/17/10, compared to .56% for the month of December and .61% for November 2009. Our current investment includes GSE with an average yield to market of 2.3%, and two accounts in CDARS at 1.26% APY (1 yr maturity) & .9% APY (to mature in Dec 2010), the combined CDARS yield is .95%

Various updates from Brokers & Bloomberg:

- **Mar. 17 (Bloomberg)** - Fed policy makers yesterday gave no hint they were preparing to raise the target interest rate on overnight loans between banks any time soon. Low levels of capacity use, high unemployment, tame inflation and stable expectations on the likely trajectory of prices were among the “economic conditions” the central bankers cited for the lack of urgency. The Fed has kept the federal funds rate target for overnight loans in the zero to 0.25 percent range since December 2008. Policy makers began using the “extended period” language in March 2009 and have repeated it at each meeting since.

- March 16 (Bloomberg) – Treasury 10-year yields were near the lowest in a week on bets the Federal Reserve will signal it will avoid raising interest rates for much of this year. Concern the economic recovery will be slow may encourage the Federal Open Market Committee to retain language in today’s policy statement that the target lending rate should remain at virtually zero for an “extended” period of time.
- The central bank will keep its benchmark at a record low zero to 0.25 percent, where it has been since December 2008, according to all 90 economists in a Bloomberg News Survey. Policy makers plan to end purchases of \$1.25 trillion of mortgage-backed securities this month.

2008B Variable Bond Trend



Other Division Updates on Significant Events:

- The 2005 Swap agreement was terminated as of March 5, 2010 and the 1994 Swap agreement terminated as of March 11, 2010. The termination of both agreements resulted in a combined negative cash flow to the Agency of \$48,000, (\$80,000 paid to Citi on the 1994 Swaps less \$32,000 paid to IEUA on the 2005 Swap). The termination net value was within the combined negative cash flow limit of \$50,000 approved by the Board of Directors on February 17, 2010
- FY 2010-11 budget on both Operating budget and the TYCIP is underway, below is the upcoming budget related events in March & April 2010:
- Along with Directors Santiago and Camacho, staff participated in the MET/IEUA co-sponsored *Connect 2 Met* workshop for small businesses in the Inland Empire.
- Finalized negotiations and contract/lease terms & conditions for the RP-5SHF/REEP lease and wind power PPA.
- Utilizing Survey Monkey, Fiscal Management conducted a service survey and is in the process of tabulating the results.
- In conjunction with the Internal Audit Department goals and objectives, Fiscal Management participated in the audit of the Accounts Payable and Payroll functions. The results of those audits are being drafted for review at this reporting date.
- Staff assisted the Financial Planning Department with gathering pertinent data, and preparation of certain schedules, needed to assist with the 1994 Bond Refinancing; and,
- With the assistance of the I.S. Department, designated staff began design work on the Fiscal Management Web Site.
- Reviewed draft CAP audit follow-up report and prepared draft response.
- In conjunction with Southwest Alarm Service, staff prepared training materials and presented five security "tailgates" for 116 employees.