

**AGENDA
SPECIAL COMMISSION MEETING OF THE
CHINO BASIN REGIONAL FINANCING AUTHORITY**

**WEDNESDAY, DECEMBER 21, 2022
9:00 A.M.**

**VIEW THE MEETING LIVE ONLINE AT IEUA.ORG
TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 885 499 122#**

PURSUANT TO AB361 AND RESOLUTION NO. 2022-7-1, ADOPTED BY THE CBRFA COMMISSIONERS ON JULY 20, 2022, CBRFA MEETINGS WILL CONTINUE TO BE CONDUCTED THROUGH TELECONFERENCE IN AN EFFORT TO PROTECT PUBLIC HEALTH AND PREVENT THE SPREAD OF COVID-19.

The public may participate and provide public comment during the meeting by dialing the number provided above. Comments may also be submitted by email to the Board Secretary/Office Manager Denise Garzaro at dgarzaro@ieua.org prior to the completion of the Public Comment section of the meeting. Comments will be distributed to the Commissioners.

**CALL TO ORDER OF THE SPECIAL CHINO BASIN REGIONAL FINANCING
AUTHORITY COMMISSION MEETING**

ROLL CALL

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Commission on any item that is within the jurisdiction of the Commission; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Commission on any matter, whether or not it appears on the agenda, are requested to email the Board Secretary/Office Manager prior to the public comment section or request to address the Commission during the public comments section of the meeting. Comments will be limited to three minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2022-12-1, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE

It is recommended that the Commissioners adopt Resolution No. 2022-12-1, making certain findings and determinations regarding special rules for conducting meetings through teleconference for a period of 30 days.

B. MINUTES

Approve minutes of July 20, 2022 Chino Basin Regional Financing Authority Commission meeting.

C. CHINO BASIN REGIONAL FINANCING AUTHORITY FISCAL YEAR 2021/22 ANNUAL FINANCIAL STATEMENTS

It is recommended that the Commissioners:

1. Approve the financial statements for the FY ended June 30, 2022; and
2. Direct staff to distribute the reports, as appropriate, to the various federal, state, and local agencies, financial institutions, and other interested parties.

ADJOURN

Declaration of Posting

I, Denise Garzaro, CMC, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, a Municipal Water District, hereby certify that, per Government Code Section 54954.2, a copy of this agenda has been posted at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA and on the Agency's website at www.ieua.org at least seventy-two (72) hours prior to the meeting date and time above.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (909) 993-1736 or dgarzaro@ieua.org, 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.

ACTION ITEM
1A

CHINO BASIN REGIONAL FINANCING AUTHORITY

Date: December 21, 2022

To: The Honorable Commissioners

From: Shivaji Deshmukh *SSD*
General Manager

Subject: Adoption of Resolution No. 2022-12-1, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference

RECOMMENDATION

It is recommended that the Board of Commissioners Adopt Resolution No. 2022-12-1, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference.

BACKGROUND

On March 4, 2020, Governor Newsom declared a state of emergency pursuant to Government Code 8625 due to the COVID-19 pandemic and recommended, together with local officials, measures for social distancing to assist in abating the spread of COVID-19; and on March 17, 2020, the Governor issued Executive Order N-29-20 which, among other things, suspended certain Brown Act rules governing the use of teleconferencing of local agency board meetings. Executive Order N-29-20 expired on September 30, 2021, while the state of emergency is still in place.

In response to the ongoing COVID-19 pandemic, the California legislature has enacted, and the Governor signed into law, AB 361 amending portions of Government Code 54953, allowing for the continued use of teleconferencing for local agency board meetings while suspending the conditions and restrictions of Government Code 54953(b)(3) if the legislative body of the local agency makes certain findings. The legislative body must make these findings every 30 days to continue the use of teleconferencing.

PRIOR COMMISSION ACTION

On December 8, 2021; January 5, 2022; March 16, 2022; April 20, 2022, and July 20, 2022; the Commission approved Resolution Nos. 2021-12-1, 2022-1-1, 2022-3-2, 2022-4-2, and 2022-7-1, respectively, Making Certain Findings and Determinations Regarding Special Rules for Conducting Meetings through Teleconference.

IMPACT ON BUDGET

None

RESOLUTION NO. 2022-12-1

A RESOLUTION OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE

WHEREAS, the Chino Basin Regional Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, all meetings of the Commission of the Authority (the “Commission”) are conducted in open and public settings in compliance with the Ralph M. Brown Act (Brown Act) so that any member of the public may attend, participate and watch the Authority’s Commission conduct their business; and

WHEREAS, on March 4, 2020, the Governor declared a state of emergency pursuant to Government Code 8625 due to the COVID-19 pandemic and has recommended, together with local officials, measures for social distancing to assist in abating the spread of COVID-19; and

WHEREAS, on March 17, 2020, the Governor issued Executive Order N-29-20 which, among other things, suspended certain Brown Act rules governing the use of teleconferencing of local agency board meetings; and

WHEREAS, Executive Order N-29-20 expired on September 30, 2021; and

WHEREAS, the California legislature has enacted, and the Governor has signed into law, AB 361 amending portions of Government Code 54953, allowing for the continued use of teleconferencing for local agency board meetings while suspending the conditions and restrictions of Government Code 54953(b)(3) if the legislative body of the local agency makes certain findings;

WHEREAS, On December 8, 2021 the Commissioners of Chino Basin Regional Financing Authority approved Resolution No. 2021-12-1 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

WHEREAS, On January 5, 2022 the Commissioners of Chino Basin Regional Financing Authority approved Resolution No. 2022-1-1 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

WHEREAS, On March 16, 2022 the Commissioners of Chino Basin Regional Financing Authority approved Resolution No. 2022-3-2 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

WHEREAS, On April 20, 2022 the Commissioners of Chino Basin Regional Financing Authority approved Resolution No. 2022-4-2 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

WHEREAS, On July 20, 2022 the Commissioners of Chino Basin Regional Financing Authority approved Resolution No. 2022-7-1 making certain factual findings, and authorizing the continued use of teleconferencing for CBRFA Commission meetings for an effective period of 30 days; and

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Chino Basin Regional Financing Authority hereby make the following findings and determinations:

SECTION 1. The Governor has proclaimed a state of emergency on March 4, 2020 which continues.

SECTION 2. The Governor and local officials have promoted the use of social distancing as a method to abate the spread of COVID-19 within the community. The Commission finds that conducting in person meetings of the Commission of the Chino Basin Regional Financing Authority would be inimical to social distancing and would present imminent risks to the health or safety of the attendees and conducting meetings by teleconference would diminish that risk.

SECTION 3. The Commission will continue to conduct Commission meetings by teleconference in compliance with Government Code 54953(e) until such time as the Governor has terminated the state of emergency and the risk to health and safety of meeting

attendees is sufficiently diminished or as otherwise required by law. Notice of meetings and posted agendas will contain information which allows members of the public to access the meeting and address the Commission and offer public comment including an opportunity for all persons to attend via a call-in option or an internet-based service option.

SECTION 4. This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until such time as the Commission adopts a subsequent resolution in accordance with Government Code 54953(e)(3) to extend the time during which meetings of the Commission may be conducted by teleconference without compliance with Government Code 54953(3)(b).

ADOPTED this 21st day of December, 2022.

Steven J. Elie
President of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

ATTEST:

Marco Tule
Secretary of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

ACTION ITEM
1B

**SPECIAL MINUTES OF THE
COMMISSION MEETING OF
THE CHINO BASIN REGIONAL FINANCING AUTHORITY
JULY 20, 2022**

COMMISSIONER PRESENT:

Steven J. Elie, President

COMMISSIONERS PRESENT via Video/Teleconference:

Michael Camacho, Vice President

Marco Tule, Secretary

Jasmin A. Hall, Commissioner

Paul Hofer, Commissioner

STAFF PRESENT:

Shivaji Deshmukh, P.E., General Manager

Christiana Daisy, P.E., Deputy General Manager

Kristine Day, Assistant General Manager

Jerry Burke, Director of Engineering

Javier Chagoyen-Lazaro, Director of Finance

Adham Almasri, P.E., Principal Engineer

Tony Arellano, Safety Officer

Pietro Cambiaso, Acting Director of Planning & Resources

Andy Campbell, Groundwater Recharge Supervisor

Lucia Diaz, Manager of Facilities & Water System Programs

Lisa Dye, Director of Human Resources

Denise Garzaro, Board Secretary/Office Manager

Brandon Gonzalez Contreras, Technology Specialist I

Michael Hurley, Director of Planning & Resources

Elizabeth Hurst, Chino Basin Program Manager

Randy Lee, Director of Operations & Maintenance

Scott Lening, Manager of Operations

Jason Marseilles, Manager of Engineering

Liza Munoz, Senior Engineer

Alyson Piguee, Director of External & Government Affairs

Brent Ritzinger, Recycled Water/Groundwater Recharge Operations &
Maintenance Specialist

Daniel Solorzano, Network Administrator

Travis Sprague, P.E., Principal Engineer

Ryan Ward, Assistant Engineer

Jamal Zughbi, P.E., Senior Engineer/Project Manager

STAFF PRESENT via Video/Teleconference:

Joshua Aguilar, Senior Engineer

Deborah Berry, Controller

Robert Delgado, Manager of Maintenance

Karla Espinoza, Office Assistant

Adrienne Fernandez, Administrative Assistant II

Jennifer Hy-Luk, Administrative Assistant II

Ryan Love, Deputy Manager of Operations

Cathleen Pieroni, Senior Policy Advisor

Sushmitha Reddy, Manager of Laboratories

Jeanina Romero, Executive Assistant

Steven Smith, Senior Associate Engineer

James Simpson, Engineering Consultant

OTHERS PRESENT:

Chris Berch, Jurupa Community Services District
Jean Cihigoyenette, JC Law Firm
Kevin Hardy, National Water Research Institute

OTHERS PRESENT via Video/Teleconference:

Jamal Awad, Awad Engineering, Inc.
Jonathan Belloso, Leela Project
Scott Goodell, IEWorks
Channon Hanna, Carpi and Clay
Randall Reed, Cucamonga Valley Water District
Nosakhire Thomas, Inland Empire Black Worker Center
Elizabeth Touns, Jewish Vocational Service
Laura Morgan-Kessler, Carpi and Clay

A Commission meeting of the Chino Basin Regional Financing Authority (CBRFA) was held at the Inland Empire Utilities Agency Headquarters, 6075 Kimball Avenue, Bldg. A, Chino, California and via video/teleconference on the above date.

CALL TO ORDER

President Elie called the meeting to order at 9:01 a.m. Deputy Manager of Operations Chris Waggener led the Pledge of Allegiance. Board Secretary/Office Manager Denise Garzaro took roll call and established that a quorum was present.

President Elie provided directions on how the public may address the Commission. There were no public comments received. There were no additions or deletions to the agenda.

1. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2022-7-1, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE

MOVED BY COMMISSIONER CAMACHO, SECONDED BY COMMISSIONER TULE, THE COMMISSION ADOPTED RESOLUTION NO. 2022-7-1, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule
Noes: None
Absent: None

B. MINUTES

MOVED BY COMMISSIONER HOFER, SECONDED BY COMMISSIONER TULE, THE COMMISSION APPROVED THE MINUTES OF THE MARCH 16, 2022 CHINO BASIN REGIONAL FINANCING AUTHORITY COMMISSION MEETING, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule
Noes: None
Absent: None

**C. APPOINTMENT OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY
TREASURER AND ALTERNATE TREASURER**

General Counsel Jean Cihigoyenetché provided the staff presentation.

MOVED BY COMMISSIONER CAMACHO, SECONDED BY COMMISSIONER HOFER, THE COMMISSION APPROVED THE APPOINTMENT OF ASSISTANT GENERAL MANAGER KRISTINE DAY TO SERVE AS TREASURER AND THE APPOINTMENT OF DIRECTOR OF FINANCE JAVIER CHAGOYEN-LAZARO TO SERVE AS THE ALTERNATE TREASURER FOR 2022, BY THE FOLLOWING VOTE:

Ayes: Camacho, Elie, Hall, Hofer, Tule
Noes: None
Absent: None

ADJOURNMENT

With no further business, President Elie adjourned the meeting at 9:05 a.m.

Commissioner Tule, CBRFA Secretary

APPROVED: December 21, 2022

ACTION ITEM
1C

CHINO BASIN REGIONAL FINANCING AUTHORITY

Date: December 21, 2022

To: The Honorable Commissioners

From: Shivaji Deshmukh
General Manager *SD*

Submitted By: Kristine Day, Treasurer

Subject: Chino Basin Regional Financing Authority Fiscal Year 2021/22 Annual Financial Statements

RECOMMENDATION

It is recommended that the Board of Commissioners:

1. Approve the financial statements for the FY ended June 30, 2022; and
2. Direct staff to distribute the reports, as appropriate, to the various federal, state, and local agencies, financial institutions, and other interested parties.

BACKGROUND

The Annual Financial Statements of the Chino Basin Regional Financing Authority (Authority) for the Fiscal Year ended June 30, 2022 were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The Inland Empire Utilities Agency (Agency) independent audit firm, CliftonLarsonAllen LLP (CLA) performed the financial audit.

The audited financial statements will allow the Authority to comply with the State Controllers mandate to provide audited financial information when filing the annual State Controller's Report.

The Authority was established by the Agency and the Cucamonga County Water District (now known as the Cucamonga Valley Water District) on May 1, 1993 to provide its members financing in connection with the acquisition, construction and improvement of public capital improvements, working capital requirements or insurance programs. To date, only the Agency has utilized the Authority for issuance of bonds, the 2020 and 2022 Water Infrastructure Finance and Innovation Act (WIFIA) federal loans, and 2020B Revenue Notes executed in June 2020 to support the RP-5 Expansion Project. The debt issued through the Authority that is currently outstanding, the 2017A Refunded Bonds (2008A Refinancing) the 2020A Revenue Bonds (2008B and 2010A Refinancing), the 2020B Revenue Notes and the WIFIA loans, are also reported as debt obligations in the Agency's financial statements.

IMPACT ON BUDGET

The associated audit service fees are supported by contributions from Inland Utilities Agency and Chino Basin Watermaster included in the annual operating budget.

PRIOR BOARD ACTION

On December 8, 2021, the Commissioners approved the Chino Basin Regional Financing Authority Financial Statements.

IMPACT ON BUDGET

None.

Attachments:

Audited Financial Statements for Fiscal Year 2021/22 (In Substantive Completed Form)

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

This section of the Authority's annual financial report presents our analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority's net position did not change, as the revenue and interest earned on the bond reserves equaled the expenditures and interest expense on the bonds payable.

During the year, \$7,335,000 was paid on principal of long-term debt from payments received from the Installment Purchase Agreements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Chino Basin Regional Financing Authority's basic financial statements. The Authority's basic financial statements consist of two components: (1) financial statements and (2) notes to the financial statements. The Authority is a self-supporting entity and follows the enterprise fund reporting. Accordingly, the financial statements are presented using the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis of the Authority begins on page 4 of the financial statements. The goal of the Authority is to have the installment contracts receivable remain equal to the amount of outstanding debt such that its proceeds are available to pay the debt. Thus, net position of the Authority (the difference between the installment contracts receivable and the unpaid debt) should be zero. Since the Authority is a financing entity, all of the revenues and principal collected on the investments are used to pay the interest and principal on the outstanding Bonds, resulting in no change in net position.

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

NET POSITION

To begin our analysis a summary of the Authority's Statement of Net Position is as follows:

	Fiscal Year		Dollar Change	Total Percent Change
	2022	2021		
Total Assets	\$ 293,651,233	\$ 301,061,296	\$ (7,410,063)	-2.46%
Liabilities:				
Current Liabilities	9,606,233	9,331,296	274,937	2.95%
Noncurrent Liabilities	284,045,000	291,730,000	(7,685,000)	-2.63%
Total Liabilities	293,651,233	301,061,296	(7,410,063)	0.00%
Total Net Position	\$ -	\$ -	\$ -	0.00%

As can be seen from the table above, total assets decreased \$7,410,063 to \$293,651,233 in fiscal year 2022, from \$301,061,296 in fiscal year 2021. The decrease was the result of the Authority making principal payments on the outstanding debt.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Fiscal Year	
	2022	2021
General Revenues	\$ 12,856,838	\$ 12,732,740
Operating Expenses	(12,856,838)	(12,732,740)
Change in Net Position	-	-
Net Position - Beginning of Year	-	-
Net Position - End of Year	\$ -	\$ -

The revenues of \$12,856,838 was used to pay the interest expense on the outstanding debt.

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

BUDGETARY HIGHLIGHTS

The Authority's Commissioners are not required to adopt a budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Authority does not own any capital assets.

Long-term Debt - At year-end, the Authority had \$291,730,000 in long-term debt, down from \$299,065,000 in fiscal year 2021 for a decrease of \$7,335,000. The decrease was due to principal payments. More detailed information about the Authority's long-term debt is presented in Note 4 of the Financial Statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Inland Empire Utilities Agency Department of Finance and Accounting.

CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets:	
Interest Receivable on Installment Contracts	\$ 1,921,233
Installment Contracts Receivable	7,685,000
Restricted Cash and Investments	<u>150,279,131</u>
Total Current Assets	<u>159,885,364</u>
Noncurrent Assets:	
Installment Contracts Receivable	<u>133,765,869</u>
Total Noncurrent Assets	<u>133,765,869</u>
Total Assets	<u>293,651,233</u>

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities:	
Interest Payable	1,921,233
Revenue Bonds	<u>7,685,000</u>
Total Current Liabilities	<u>9,606,233</u>
Noncurrent Liabilities:	
Revenue Bonds	87,610,000
Revenue Notes	<u>196,435,000</u>
Total Noncurrent Liabilities	<u>284,045,000</u>

NET POSITION

Unrestricted	<u>-</u>
Total Net Position	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 293,651,233</u></u>

See accompanying Notes to Basic Financial Statements.

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

REVENUES

Interest on Installment Contracts	\$ 12,856,838
Total Revenues	12,856,838

EXPENSES

Debt Service Interest	12,856,838
Total Expenses	12,856,838

CHANGE IN NET POSITION

Net Position - Beginning of Year	-
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NET POSITION - END OF YEAR

	\$ -
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Preliminary Draft

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Payments Made on Installment Contracts Receivable	<u>\$ (36,044,402)</u>
Net Cash Used by Operating Activities	<u>(36,044,402)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Bonds Payable	(7,335,000)
Interest Paid on Bonds Payable	<u>(12,901,900)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(20,236,900)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments Received on Installment Contracts Receivable	12,901,900
Net Cash Provided by Investing Activities	<u>12,901,900</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(43,379,402)

Cash and Cash Equivalents - Beginning of Year

193,658,533

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 150,279,131

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ -
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ADJUSTMENTS TO RECONCILE OPERATING ACTIVITIES:

Decrease in Installment Contracts Receivable	<u>(36,044,402)</u>
Total Adjustments	<u>(36,044,402)</u>
Net Cash Used by Operating Activities	<u><u>\$ (36,044,402)</u></u>

CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Chino Basin Regional Financing Authority (the Authority) is a joint exercise of powers authority created by a joint powers agreement between Inland Empire Utilities Agency (Agency) and Cucamonga Valley Water District, dated May 1, 1993. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for the construction of various public improvements. The Authority is a component unit of the Agency.

The Authority functions as a separate entity and its policies are determined by the members of the Commission comprised solely of the governing board of the Agency. All staff work is performed by the officials and staff of the Agency or by consultants.

B. Financial Statement Presentation

The financial statements which include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows report information on all of the activities of the Authority. The Authority's assets and liabilities are included in the statement of net position. The statement of revenues, expenses and changes in net position presents changes in net position. These financial statements present only the Chino Basin Regional Financing Authority and do not purport and do not present the financial position of the Inland Empire Utilities Agency.

C. Measurement Focus and Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the statement of net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

D. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2022, are classified in the accompanying financial statement as follows:

Restricted Assets:	
Cash and Investments	<u>\$ 150,279,131</u>

Cash and investments at June 30, 2022, consisted of the following:

Investments	<u>\$ 150,279,131</u>
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Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments and those held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months or Less</u>
CAMP	\$ 32,637,201	\$ 32,637,201
LAIF	117,641,464	117,641,464
Money Market Mutual Funds	466	466
Total	<u>\$ 150,279,131</u>	<u>\$ 150,279,131</u>

**CHINO BASIN REGIONAL FINANCING AUTHORITY
(A COMPONENT UNIT OF THE INLAND EMPIRE UTILITIES AGENCY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of fiscal year-end for each investment type.

Investment Type	Minimum Legal Rating	Total	Fiscal Year End Rating		
			AAA	AA	Not Rated
CAMP	N/A	\$ 32,637,201	\$ -	\$ -	\$ 32,637,201
LAIF	N/A	117,641,464	-	-	117,641,464
Money Market Mutual Funds	A	466	466	-	-
Total		<u>\$ 150,279,131</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>\$ 150,278,665</u>

Concentration of Credit Risk

There are no investments in any one issuer that represent 5% or more of total Authority's investments.

Custodial Credit Risk

The Authority's cash and investments are held by the bond trustee who selects the investment under terms of the applicable indenture agreement, acquires the investment and holds the investment on behalf of the Authority.

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in California Asset Management Program (CAMP)

The Authority is a voluntary participant in the California Asset Management Program (CAMP) that is regulated by the California Government Code. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

**CHINO BASIN REGIONAL FINANCING AUTHORITY
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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's investments are not subject to the fair value measurement hierarchy.

NOTE 3 INSTALLMENT CONTRACT RECEIVABLE

The Authority issued the \$67,615,000 Series 2017A Refunding Revenue Bonds to refund the Authority's Series 2008A Revenue Bonds. The Authority and the Agency entered into the Installment Purchase Agreement on January 19, 2017. The Agency agrees to pay the Authority installment payments in an amount sufficient to pay the principal and interest coming due on the Bonds. The balance of the receivable from the Agency at June 30, 2022, was \$51,505,000.

The Authority issued the \$56,255,000 Series 2020A Refunding Revenue Bonds to refund the Authority's Series 2008B Revenue Bonds. The Authority and the Agency entered into the Installment Purchase Agreement on June 1, 2020. The Agency agrees to pay the Authority installment payments in an amount sufficient to pay the principal and interest coming due on the Bonds. The balance of the receivable from the Agency at June 30, 2022, was \$40,102,528. The balance of the receivable from Chino Basin Watermaster (CBWM) is \$3,687,472.

The Authority issued the \$196,435,000 Series 2020B Revenue Notes to (i) finance, on an interim basis, a portion of the cost of the Regional Plant No. 5 (RP-5) Expansion Project, (ii) to pay a portion of the capitalized interest with respect to the Notes, and (iii) to pay the costs of issuing the notes. The Agency agrees to pay the Authority installment payments in an amount sufficient to pay the principal and interest coming due on the Bonds. The balance of the receivable from the Agency at June 30, 2022, was \$196,435,000.

	<u>IEUA</u>	<u>CBWM</u>	<u>Total</u>
2017A Installment Contract Receivable	\$ 51,505,000	\$ -	\$ 51,505,000
2020A Installment Contract Receivable	40,102,528	3,687,472	43,790,000
2020B Installment Contract Receivable	196,435,000	-	196,435,000
	<u>288,042,528</u>	<u>3,687,472</u>	<u>291,730,000</u>
Less:			
Restricted Cash and Investments	<u>(150,279,131)</u>	<u>-</u>	<u>(150,279,131)</u>
Total Installment Contracts Receivable	<u>\$ 137,763,397</u>	<u>\$ 3,687,472</u>	<u>\$ 141,450,869</u>

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NOTE 4 LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2022, were as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
2017A Refunding Revenue Bonds	\$ 54,985,000	\$ -	\$ 3,480,000	\$ 51,505,000	\$ 3,660,000
2020A Refunding Revenue Bonds	47,645,000	-	3,855,000	43,790,000	4,025,000
2020B Revenue Notes	196,435,000	-	-	196,435,000	-
Total Long-Term Debt	<u>\$ 299,065,000</u>	<u>\$ -</u>	<u>\$ 7,335,000</u>	<u>\$ 291,730,000</u>	<u>\$ 7,685,000</u>

2017A Refunding Revenue Bonds

Pursuant to an indenture dated January 19, 2017, on February 2, 2017, the Authority issued \$67,615,000 Refunding Revenue Bonds to refund the Authority's Series 2008A Revenue Bonds and pay costs of issuance.

The bonds are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the indenture. Revenues consist primarily of Installment Payments received by the Authority from the Agency pursuant to the 2017A Installment Purchase Agreement. The obligation of the Agency to make Installment Payments is a special obligation of the Agency payable solely from the Net Revenues of the Agency. In the event of default, the entire principal amount of the unpaid installment payments and accrued interest thereon, are due and payable immediately.

The bonds maturing through November 2033 are Serial Bonds payable in annual installments ranging from \$3,010,000 to \$4,920,000 with interest rates from 2.00% to 5.00%. Principal payments are due November 1 each year with semi-annual interest payments due May 1 and November 1.

The balance outstanding on June 30, 2022, was \$51,505,000.

Future debt service principal and interest payments owed on the 2017A Refunding Revenue Bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,660,000	\$ 2,483,750	\$ 6,143,750
2024	4,185,000	2,287,625	6,472,625
2025	4,395,000	2,073,125	6,468,125
2026	4,620,000	1,847,750	6,467,750
2027	4,860,000	1,610,750	6,470,750
2028-2032	20,185,000	5,033,875	25,218,875
2033-2036	9,600,000	486,000	10,086,000
Totals	<u>\$ 51,505,000</u>	<u>\$ 15,822,875</u>	<u>\$ 67,327,875</u>

**CHINO BASIN REGIONAL FINANCING AUTHORITY
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NOTE 4 LONG-TERM DEBT (CONTINUED)

2020A Refunding Revenue Bonds

Pursuant to an indenture dated June 1, 2020, on June 24, 2020, the Authority issued \$56,255,000 Refunding Revenue Bonds to refund the Authority's Series 2008B Revenue Bonds, refund the Series 2010A Revenue Bonds, refunding certain Inland Empire Utilities Agency State Revolving Fund loans, and pay costs of issuance.

The bonds are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the indenture. Revenues consist primarily of Installment Payments received by the Authority from the Agency pursuant to the 2020A Installment Purchase Agreement. The obligation of the Agency to make Installment Payments is a special obligation of the Agency payable solely from the Net Revenues of the Agency. In the event of default, the entire principal amount of the unpaid installment payments and accrued interest thereon, are due and payable immediately.

The bonds maturing through June 2035 are Serial Bonds payable in annual installments ranging from \$1,540,000 to \$8,610,000 with an interest rate of 5.00% per annum. Principal payments are due June 1 each year with semi-annual interest payments due June 1 and December 1.

The balance outstanding on June 30, 2022, was \$43,790,000.

Future debt service principal and interest payments owed on the 2020A Refunding Revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,025,000	\$ 2,189,500	\$ 6,214,500
2024	4,240,000	1,988,250	6,228,250
2025	4,380,000	1,776,250	6,156,250
2026	3,745,000	1,557,250	5,302,250
2027	3,935,000	1,370,000	5,305,000
2028-2032	19,065,000	3,966,500	23,031,500
2033-2035	4,400,000	447,250	4,847,250
Totals	<u>\$ 43,790,000</u>	<u>\$ 13,295,000</u>	<u>\$ 57,085,000</u>

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NOTE 4 LONG-TERM DEBT (CONTINUED)

2020B Revenue Notes

Pursuant to an indenture dated June 15, 2020, on June 25, 2020, the Authority issued \$196,435,000 Revenue Notes to finance, on an interim basis, a portion of the cost of the Regional Plant No. 5 (RP-5) Expansion project, pay a portion of the capitalized interest with respect to the Notes, and pay costs of issuance.

The notes are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the indenture. Revenues consist primarily of Installment Payments received by the Authority from the Agency pursuant to the 2020B Installment Purchase Agreement. The obligation of the Agency to make Installment Payments is a special obligation of the Agency payable solely from the Net Revenues of the Agency. In the event of default, the entire principal amount of the unpaid installment payments and accrued interest thereon, are due and payable immediately.

The notes mature and are payable on November 1, 2025. Interest payments are due semi-annually on May 1 and November 1, ranging from \$2,640,959 to \$3,928,700 with an interest rate of 4.00% per annum.

The balance outstanding on June 30, 2022, was \$196,435,000.

On May 27, 2020, the Chino Basin Regional Financing Authority and the Agency executed a Water Infrastructure Finance and Innovation Act loan (WIFIA loan) agreement with the United States Environmental Protection Agency for the Regional Plant 5 Expansion Project. The Agency has not drawn any amounts from the WIFIA loan as of June 30, 2022. The WIFIA loan amount of up to \$196,436,445 will be drawn upon at the project completion to repay the 2020B Revenue notes. The WIFIA loan carries an annual interest of 1.36% and has a maturity in November 1, 2060, with principal and interest payments due one year after the project's substantial completion.

Future debt service principal and interest payments owed on the 2020B Revenue Notes areas follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 7,587,400	\$ 7,587,400
2024	-	7,587,400	7,587,400
2025	-	7,587,400	7,587,400
2026	196,435,000	3,928,700	200,363,700
Totals	<u>\$ 196,435,000</u>	<u>\$ 26,690,900</u>	<u>\$ 223,125,900</u>