REGULAR BOARD MEETING

In an effort to prevent the spread of COVID-19 and in accordance with Governor Newsom's Executive Order N-25-20 and N-29-20, this meeting is being conducted via teleconference. There will be no public location for attending this meeting in person. Members of the public and may listen and provide public comment telephonically and/or submit a Speaker/Comment Card prior to the start of the meeting.

Anyone wishing to join the meeting may do so using the following information:

**DIAL:** 1-510-338-9438 and enter **ACCESS CODE:** 299 601 249##

You may also join via webex.com: Link

**MEETING# 299 601 249 and PASSWORD:** EVWD2020

May 13, 2020 - 5:30 PM

31111 Greenspot Road, Highland, CA 92346

**AGENDA**

"In order to comply with legal requirements for posting of agenda, only those items filed with the District Clerk by 12:00 p.m. on Wednesday prior to the following Wednesday meeting not requiring departmental investigation, will be considered by the Board of Directors."

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**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF BOARD MEMBERS**

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**PUBLIC COMMENTS**

Any person wishing to speak to the Board of Directors is asked to complete a Speaker Card and submit it to the District Clerk prior to the start of the meeting. Each speaker is limited to three (3) minutes, unless waived by the Chairman of the Board. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. The matter will automatically be referred to staff for an appropriate response or action and may appear on the agenda at a future meeting.

**AGENDA** - This agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing on the following agenda unless the Board of Directors makes a determination..."
that an emergency exists or that a need to take immediate action on the item came to the attention of the District subsequent to the posting of the agenda.

1. Approval of Agenda

2. **APPROVAL OF CONSENT CALENDAR**
   
   All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the board considers the motion unless members of the board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.
   
   a. March 25, 2020 regular board meeting minutes
   b. April 8, 2020 regular board meeting minutes
   c. April 15, 2020 special board meeting minutes
   d. April 22, 2020 regular board meeting minutes
   e. Approve Directors' fees and expenses for April 2020

**INFORMATIONAL ITEMS**

3. Review Fraud Prevention and Detection Policy

4. Emergency Response Update

**DISCUSSION AND POSSIBLE ACTION ITEMS**

5. Consider Adoption of Resolution 2020.03 Updating Investment Policy 7.6

**REPORTS**

6. Board of Directors' Reports

7. General Manager/CEO Report

8. Legal Counsel Report

9. Board of Directors' Comments

**ADJOURN**

PLEASE NOTE:

Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 31111 Greenspot Rd., Highland, during normal business hours. Also, such documents are available on the District's website at www.eastvalley.org subject to staff's ability to post the documents before the meeting.

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above-agendized public meeting should be directed to the District Clerk at (909) 885-4900 at least 72 hours prior to said meeting.
The Chairman of the Board called the meeting to order at 5:31 p.m. Vice Chairman Goodrich led the flag salute.

PRESENT: Directors: Carrillo, Coats, Goodrich, Morales, Smith

ABSENT: None

STAFF: John Mura, General Manager/CEO; Brian Tompkins, Chief Financial Officer; Jeff Noelte, Director of Engineering and Operations; Kelly Malloy, Director of Strategic Services; Justine Hendricksen, District Clerk; Shayla Antrim, Senior Administrative Assistant

LEGAL COUNSEL: Jean Cihigoyenetche

GUEST(s): Members of the public

PUBLIC COMMENTS

Chairman Smith declared the public participation section of the meeting open at 5:32 p.m.

There being no written or verbal comments, the public participation section was closed.

The District Clerk announced that the General Manager/CEO has requested that the following item be added to the agenda after unanimously determining that there was a need to take immediate action on the item, which came to the District's attention after the agenda was posted.

Consider Resolution 2020.06 - Increase Tier 1 water allocation for residential water customer billing.

M/S/C (Coats-Goodrich) by unanimous roll call vote to place Resolution 2020.06 as an action item on the March 25, 2020 agenda as item # 4A.
APPROVAL OF AGENDA

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the February 26, 2020 agenda be approved as amended.

APPROVE THE FEBRUARY 26, 2020 REGULAR BOARD MEETING MINUTES

M/S/C (Morales-Goodrich) by unanimous roll call vote that the Board approve the February 26, 2020 regular board meeting minutes as submitted.

APPROVE THE FINANCIAL STATEMENTS FOR FEBRUARY 2020

M/S/C (Morales-Goodrich) by unanimous roll call vote that the Board approve the financial statements for February 2020 as submitted.

DISBURSEMENTS

M/S/C (Morales-Goodrich) by unanimous roll call vote that the General Fund Disbursements #255671 through #255834 which were distributed during the period of February 1, 2020 through February 29, 2020, bank drafts, and ACH Payments in the amount of $6,669,248.19 and $322,613.72 for payroll and benefit contributions, totaling $6,991,861.91 be approved.

MASTER SERVICES CONTRACTS FOR ENGINEERING AND PROJECT SUPPORT SERVICES

The General Manager/CEO provided information regarding contracts for providing as-needed engineering and project support services. He stated that in an effort to provide efficient access to engineering services that cannot be performed in-house, staff issued a Request for Qualifications (RFQ) to engage qualified firms to perform as-needed engineering and project support services.

He stated that on February 13, 2020, twenty-five proposals were received from qualified firms. An evaluation committee comprised of staff from the Engineering Department and Operations Department evaluated and scored the proposals with the intent of recommending multiple Master Services Contracts to the highest rated firms. Once under contract, Master Services Contractors will be able to compete for work presented as Task Orders through a letter proposal process. Staff rated Albert A. Webb Associates, Arcadis, Brown & Caldwell, Krieger & Stewart Engineering Consultants, and Water Systems Consulting as the highest rated firms for full spectrum engineering services based on their experience, proposed approach, quality of their proposal and costs. In addition to the full spectrum engineering services, engineering services for water tank rehabilitation were evaluated based on the same criteria. The highest rated firms for water tank rehabilitation engineering services were Engineering Resources of Southern California and Harper & Associates Engineering Inc.

M/S/C (Coats-Goodrich) by unanimous roll call vote that the Board authorize the General Manager/CEO to execute contracts for providing as-needed engineering and


The General Manager/CEO provided information regarding the Proclamation of a Local State Emergency. He stated that the health and safety of our customers and employees is a top priority. The District is closely monitoring the Centers for Disease Control and Prevention (CDC), and local health agencies for the latest developments related to COVID-19 (coronavirus) and following the guidance of government and public health officials. That given the need to respond to this pandemic, Ordinance 366 allows for the General Manager/CEO to proclaim a local state of emergency in order to ensure the ability to respond swiftly as needs arise. He stated that given the nature of providing water and wastewater services, many of the functions of the District must continue to be carried out on a regular basis. He provided details of operational changes taken to date.

The General Manager/CEO stated that the District has modified the procedure for holding public meetings as allowed by the Executive Orders of Governor Newsom. To maintain transparency, staff is evaluating action items planned for upcoming Board meetings and deferring non-critical items until after we are beyond this issue. As of now, the District will be postponing the Proposition 218 Hearing until a time when the public will be more comfortable to attend.


ADOPTION OF RESOLUTION 2020.06 - AUTHORIZING THE TEMPORARY INCREASE PER PERSON WATER USAGE TO CALCULATE RESIDENTIAL WATER BILLS

The General Manager/CEO provided information regarding the temporary increase to Tier 1 of the water budget for residential service. He gave an overview of Budget Based Rates. He provided further detail on how Tier 1 rates are calculated; he stated that the Stay-At-Home order (Executive Order N-33-20) issued by California’s Governor in response to the Coronavirus pandemic has changed how people use water for indoor health reasons. It is reasonable to estimate that District residents are using up to 25% more water for indoor purposes while complying with the Governor’s Executive Order. The additional water usage described above is clearly for indoor health and safety needs but within the current structure would likely be billed at Tier 2 or Tier 3 pricing. This can be addressed by temporarily expanding residential customer indoor water budgets, which can be accomplished by changing the 60 gallons per capita per day (GPCD) usage baseline in the billing system, to 75 GPCD.
The General Manager/CEO stated that changes proposed in the Resolution will remain in effect until the Governor’s Executive Order is lifted, but the effective period will not be shorter than 30 days, or longer than 90 days. Staff estimates that approximately 18,000 residential customers are using additional water while complying with Executive Order N-33-20. Temporarily expanding residential Tier 1 budgets to provide relief while the Stay at Home Order is in effect will provide up to $45,000 per month savings to District residential customers.

The General Manager/CEO responded to a member of the public that asked a question regarding water allocation for the trees on his property.

M/S/C (Morales-Goodrich) by unanimous roll call vote that the Board adopt Resolution 2020.06 temporarily increasing the per-capita water usage baseline for indoor use from 60 gallons to 75 gallons per person, per day.

BOARD OF DIRECTORS’ REPORTS

Director Carrillo reported that on March 24 he participated in a teleconference call with the General Manager/CEO to discuss the agenda.

Director Morales reported on the following: March 13 he met with the East Valley Association of Realtors where they discussed the effects of the virus on real estate transactions; and March 16 he participated in a teleconference with the Association of California Water Agencies Region 9 where they rescheduled the Spring conference from May to the week of July 28 due to the coronavirus.

Director Coats reported on the following: March 13 he met with Mr. Welborn to view the progress of tank rehabilitation work taking place at Plant 39; and March 17 he attended the San Bernardino Valley Municipal Water District Board meeting.

Vice Chairman Goodrich reported that March 19 he met with the General Manager/CEO to review the agenda.

Chairman Smith reported that on March 19 he met with the General Manager/CEO to review the agenda; and he has been receiving daily communications from the General Manager/CEO regarding COVID-19 protocols.

Information only.

GENERAL MANAGER/CEO REPORT

The General Manager/CEO reported on the following:

- He announced that future Board meetings will be held via teleconference until further notice; and he thanked the Board and staff for making the adjustment.
- He stated that the Active Shooter Drill scheduled for April 1 has been postponed.
• He will be participating in a conference call with the Inland Empire Economic Partnership tomorrow regarding the District’s response to the coronavirus outbreak.
• He commended Ms. Crystal Hess, Customer Service Representative III, for her suggestion regarding additional water allocation for residential customers due to stay at home orders.
• The General Manager/CEO complimented Ms. Heather Dyer, San Bernardino Valley Municipal Water District, and Mr. Miguel Guerrero, San Bernardino Municipal Water Department, for a job well done on their new positions. He stated that they’ve demonstrated why their Board chose them for their positions.
• He welcomed suggestions on how to better serve the community during this time. He stated that staff been making lunch deliveries to Highland Senior Center in coordination with San Manuel Indian Casino.

LEGAL COUNSEL REPORT

Legal Counsel stated that he will be keeping the District updated on Executive Orders coming from the Governor’s office as they are issued related to COVID-19.

BOARD OF DIRECTORS’ COMMENTS

Director Coats congratulated Ms. Crystal Hess for her suggestion and its implementation.

Director Morales stated that he had a call from ratepayer requesting information related to the coronavirus, in which he directed them to the District’s social media platform. He commended staff for providing information to the public and staff regarding the changing nature of the virus.

Chairman Smith stated that Federal, State, and regional cooperation has been nothing less than spectacular; that staff has done an exemplary job at working to keep the District updated with information pertaining to the coronavirus.

Information only.

ADJOURN

The meeting adjourned at 6:12 p.m.

___________________________________________
David E. Smith, Board President

___________________________________________
John Mura, Secretary
The Chairman of the Board called the meeting to order at 5:30 p.m. Vice Chairman Goodrich led the flag salute.

PRESENT: Directors: Carrillo, Coats, Goodrich, Morales, Smith

ABSENT: None

STAFF: John Mura, General Manager/CEO; Brian Tompkins, Chief Financial Officer; Jeff Noelte, Director of Engineering and Operations; Kelly Malloy, Director of Strategic Services; Justine Hendricksen, District Clerk; Shayla Antrim, Senior Administrative Assistant

LEGAL COUNSEL: Jean Cihigoyenetche

GUEST(s): Members of the public

PUBLIC COMMENTS
Chairman Smith declared the public participation section of the meeting open at 5:33 p.m.

There being no written or verbal comments, the public participation section was closed.

APPROVAL OF AGENDA

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the April 8, 2020 agenda be approved as submitted. Director Morales was absent from the vote.

Director Morales announced that he was present at 5:35 p.m.; he stated that he had technical difficulties connecting to the meeting.

DIRECTORS’ FEES AND EXPENSES FOR FEBRUARY 2020

M/S/C (Coats-Goodrich) by unanimous roll call vote that the Board approve the Directors’ fees and expenses for March 2020 as submitted. Director Morales was absent from the vote due to teleconference connection issues.
ELECTION FOR SPECIAL DISTRICT MEMBER OF LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR SAN BERNARDINO COUNTY

The General Manager/CEO provided background information on the services that San Bernardino County LAFCO provides and stated that there is one seat up for the position of Regular Special District Member.

Director Morales recommended that the Board consider voting for T. Milford Harrison of the San Bernardino Valley Municipal Water District, for Regular Special District Member of the LAFCO for San Bernardino County. He stated that he would represent the best interests of the District and that he is doing a great job at San Bernardino Valley Municipal Water District.

M/S/C (Morales-Goodrich) that the Board select T. Milford Harrison on the official ballot as the Regular Special District Member for the 2020 LAFCO Commission.

Roll call vote:

Director Morales - Yes
Vice Chairman Goodrich - Yes
Director Carrillo - Yes
Director Coats - Yes
Chairman Smith - Yes

MASTER SERVICES CONTRACTS FOR LAND SURVEYING SUPPORT SERVICES

The General Manager/CEO provided information regarding contracts for providing land surveying support services. He stated that in an effort to provide efficient access to engineering services that cannot be performed in-house, staff issued a Request for Qualifications to engage qualified firms to perform as-needed land surveying support services. He stated that on March 12, 2020, 12 proposals were received from qualified firms. An evaluation committee comprised of staff from the Engineering Department evaluated and scored the proposals with the intent of recommending multiple Master Services Contracts to the highest rated firms. Once under contract, Master Services Contractors will be able to compete for work presented as Task Orders through a letter proposal process. Staff rated the above listed recommended firms as the five highest rated for land surveying services based on their experience, proposed approach, quality of their proposal and costs.

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the Board authorize the General Manager/CEO to execute contracts for providing as-needed land surveying support services with the Altum Group, Guida Surveying Inc., Hernandez, Kroone and Associates, Krieger and Stewart Engineering Consultants, and Westland Group Inc., as submitted.
ADDITION OF RESOLUTION 2020.07 - DESIGNATION OF APPLICANT’S AGENT RESOLUTION FOR NON-STATE AGENCIES

The General Manager/CEO stated that at the March 26, 2020 regular board meeting, the Governing Board took action to ratify the declaration of a local state of emergency. This action was the first of many steps to allow the District to become eligible for COVID-19 related expense reimbursements through the Federal Emergency Management Agency. This process requires extensive documentation and certification and provides a formal mechanism for the Governing Board to designate signature authority to staff on behalf of the District. In this case, the General Manager/CEO is listed as the primary signature, with the Chief Financial Officer and the Director of Strategic Services listed as approved alternates.

He stated that the District has initiated regular meetings to develop weekly goals and objectives, financial tracking procedures, increased community outreach, and implemented modifications to staffing in order to ensure that the District continues to provide world class service to our community.

M/S/C (Coats-Goodrich) by unanimous roll call vote that the Board adopt Resolution 2020.07 - Designation of Applicant’s Agent Resolution for Non-State Agencies, delegating signature authority for the Federal Emergency Management Agency reimbursement process.

BOARD OF DIRECTORS’ REPORTS

Director Carrillo reported on the following: April 1 he participated in a teleconference call with the General Manager/CEO to discuss District business; and April 7 he participated in a teleconference with the General Manager/CEO to review the agenda.

Director Morales had no reports at this time.

Director Coats reported that on April 7 he participated in the San Bernardino Valley Municipal Water District Board meeting.

Vice Chairman Goodrich reported on the following: March 27 he met with the General Manager/CEO to discuss District business; April 1 he attended a tour of the SNRC with the General Manager/CEO and received a District update on the status of COVID-19; and April 2 he met with the General Manager/CEO to review the agenda.

Chairman Smith reported on the following: March 27 he met with the General Manager/CEO to discuss District business; April 2 he participated in the San Bernardino Valley Water Conservation District Board meeting; April 2 he met with the General Manager/CEO to review the agenda; and April 8 he participated in the San Bernardino Valley Water Conservation District Board meeting.

Information only.
GENERAL MANAGER/CEO REPORT

The General Manager/CEO reported on the following:

- He stated that staff continues to provide essential services including answering customer calls, providing options for bill payments, fixing leaks, etc. He thanked staff for their continued dedication and hard work while the District adjusts to the changing situation.
- He stated that as part of the District’s commitment to public service, staff continues to hand out lunches to senior citizens in coordination with the Highland Senior Center and San Manuel Band of Mission Indians.
- The District was notified that Southern California Edison has a planned outage from 8-11am tomorrow at the Headquarters. Staff has an action plan in place in anticipation of a shut down. However, if it continues to rain the power outage will be canceled.
- The District will be conducting weekly All Hands employee meetings tomorrow via video conference.
- He thanked the public for their continued support during these trying times and for participating in the District’s teleconferencing meetings. He stated that the District will continue to hold meetings via teleconference until further notice.

LEGAL COUNSEL REPORT

Legal Counsel stated that today the County released clarification on the order to wear facemasks, and he will continue to keep the District updated on Executive Orders coming from the Governor’s office as they are issued related to COVID-19.

BOARD OF DIRECTORS’ COMMENTS

Director Carrillo thanked the Legal Counsel for his update, and also thanked the General Manager/CEO for keeping him updated in regard to COVID-19 as it relates to the District.

Director Coats complimented staff for doing a great job during the pandemic. He stated that he received positive comments from the public regarding the District’s COVID-19 outreach.

Director Morales commended staff for their participation in distributing meals to the public at the Highland Senior Center. He commended staff for providing information to the public and staff regarding the changing nature of the virus.

Chairman Smith wished everyone well and to stay safe.

Information only.

ADJOURN
The meeting adjourned at 6:00 p.m.

___________________________
David E. Smith, Board President

__________________________
John Mura, Secretary
The Chairman of the Board called the meeting to order at 5:30 p.m. Vice Chairman Goodrich led the flag salute.

PRESENT: Directors: Carrillo, Coats, Goodrich, Morales, Smith

ABSENT: None

STAFF: John Mura, General Manager/CEO; Brian Tompkins, Chief Financial Officer; Jeff Noelte, Director of Engineering and Operations; Kelly Malloy, Director of Strategic Services; Patrick Milroy, Operations Manager; Kerrie Bryan, Human Resources/ Risk & Safety Manager; Justine Hendricksen, District Clerk; Shayla Antrim, Senior Administrative Assistant

LEGAL COUNSEL: None

GUEST(s): Members of the public

PUBLIC COMMENTS

Chairman Smith declared the public participation section of the meeting open at 5:31 p.m.

There being no written or verbal comments, the public participation section was closed.

FY 2020-21 PROGRAM GOALS AND OBJECTIVES WORKSHOP

The General Manager/CEO stated that Program Managers will be presenting their departments Goals and Objectives for FY 2020-21.

The Chief Financial Officer stated that departmental Goals and Objectives are aligned with Agency Goals and Objectives and the 5-Year Work Plan; and they support the General Manager/CEO’s Goals and Objectives that were approved in March 2020. He reviewed the District-Wide Goals and Objectives for fiscal year 2020-21.

Program Managers reviewed their departments’ FY 2019-20 accomplishments and presented their proposed FY 2020-21 program Goals and Objectives to the Board.

Chairman Smith reviewed the Board’s accomplishments and presented their proposed FY 2020-21 Goals and Objectives.
M/S/C (Morales-Goodrich) by unanimous roll call vote that the Board accept the FY 2020-21 Program Goals and Objectives as presented.

Information only.

GENERAL MANAGER/CEO REPORT

No report at this time.

LEGAL COUNSEL REPORT

Legal counsel not present.

BOARD OF DIRECTORS’ COMMENTS

Director Morales thanked staff for their presentations, and he welcomed Ryan Ritualo to District’s Information Technology team.

Director Coats commended staff for being proactive with their goals and objectives.

ADJOURN

The meeting adjourned at 6:37 p.m.

________________________________________
David E. Smith, Board President

________________________________________
John Mura, Secretary
EAST VALLEY WATER DISTRICT                                                   April 22, 2020
REGULAR BOARD MEETING
VIA TELECONFERENCE

MINUTES

The Chairman of the Board called the meeting to order at 4:30 p.m.

PRESENT: Directors: Carrillo, Coats, Goodrich, Morales, Smith

ABSENT: None

STAFF: John Mura, General Manager/CEO; Brian Tompkins, Chief Financial Officer; Jeff Noelte, Director of Engineering and Operations; Kelly Malloy, Director of Strategic Services; Justine Hendrickson, District Clerk; Shayla Antrim, Senior Administrative Assistant

LEGAL COUNSEL: Jean Cihigoyenetch

GUEST(s): Members of the public

PUBLIC COMMENTS

Chairman Smith declared the public participation section of the meeting open at 4:31 p.m.

There being no written or verbal comments, the public participation section was closed.

APPROVAL OF AGENDA

M/S/C (Coats-Goodrich) by unanimous roll call vote that the April 22, 2020 agenda be approved as submitted.

CLOSED SESSION

The Board entered into Closed Session at 4:32 p.m. as provided in the Ralph M. Brown Act Government Code Sections 54956.9(d)(4) to discuss the item(s) listed on the agenda.

THE BOARD RECONVENED THE MEETING AT 5:30 P.M.

Vice Chairman Goodrich led the flag salute.
ROLL CALL

PRESENT: Directors: Carrillo, Coats, Goodrich, Morales, Smith

ABSENT: None

ANNOUNCEMENT OF CLOSED SESSION ACTIONS

With respect to Item #2: Legal Counsel stated that in closed session this item was discussed pursuant to government code section 54956.9(d)(4); that a motion was received by Director Coats, seconded by Director Goodrich, and by unanimous vote (5-0), the Board directed staff to issue eminent domain proceedings against 44 shares of North Fork Water Company stocks, condemning the remaining shares, not owned by East Valley Water District.

PUBLIC COMMENTS

Chairman Smith declared the public participation section of the meeting open at 5:32 p.m.

There being no written or verbal comments, the public participation section was closed.

APPROVE THE MARCH 11, 2020 REGULAR BOARD MEETING MINUTES

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the Board approve the March 11, 2020 regular board meeting minutes as submitted.

APPROVE THE FINANCIAL STATEMENTS FOR MARCH 2020

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the Board approve the financial statements for March 2020 as submitted.

DISBURSEMENTS

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the General Fund Disbursements #255835 through #255998 which were distributed during the period of March 1, 2020 through March 31, 2020, bank drafts, and ACH Payments in the amount of $6,988,698.91 and $382,746.67 for payroll and benefit contributions, totaling $7,371,445.58 be approved.

APPROVE INVESTMENT REPORT FOR QUARTER ENDED MARCH 31, 2020

M/S/C (Carrillo-Goodrich) by unanimous roll call vote that the Board accept and file the investment report for the quarter ended March 31, 2020.
DEVELOPMENT ACTIVITY UPDATE

The Director of Engineering and Operations provided an update on development activity within the District’s service area.

Information only.

RESOLUTION 2020.08, 2020.09, AND 2020.10 TO FACILITATE ESTABLISHMENT OF COMMUNITY FACILITIES DISTRICT (CFD) NO. 2020-01 FOR HIGHLAND HILLS

The Chief Financial Officer stated that at the January 8, 2020 Board meeting, the Board heard a presentation on, and then adopted, Goals and Policies for Community Facilities Districts. The Board also accepted a petition from First American Title Insurance Company, the Owner of the property known as the Highland Hills project, to form a Community Facilities District (CFD) for that project, and authorized the General Manager/CEO to require a deposit from the Owner to pay District costs to establish a CFD. These were the first two actions recommended by Cyrus Torabi from Stradling, Yocca, Carlson, & Rauth in his presentation on ‘Introduction to Community Facilities Districts’.

He stated that since the January 8th meeting, staff, District consultants, and the owner and their consultants have been working together to prepare documents that require Board action:

Resolution 2020.08 - A Resolution of EVWD approving execution of a Reimbursement Agreement Related to the Highland Hills CFD which specifies a $75,000 deposit the owner must give to the District to pay for costs associated with establishment of a CFD, and how the owner may be reimbursed for those and other CFD costs if and when CFD Bonds are issued.

Resolution 2020.09 - A Resolution of EVWD declaring its intention to establish CFD 2020-1 and Improvement Areas 1, 2, and 3 therein, to authorize a special tax levy to pay for Facilities, Incidental Expenses, and Principal and Interest on Bonds.

Resolution 2020.10 - A Resolution of EVWD to incur Bonded Indebtedness within CFD No. 2020-1, and Improvement Areas 1, 2, and 3 therein. This Resolution establishes the not to exceed amount for a CFD bond issue at $24 million and establishes the purpose for which bonds may be issued, and the term for which they may be issued.

He stated that staff anticipates that the next request for Board action will be to consider adoption of a Resolution of Formation for CFD 2020-1.

M/S/C (Morales-Goodrich) by unanimous roll call vote that the Board adopt Resolutions 2020.08, 2020.09 and 2020.10 to facilitate the establishment of Community Facilities District No. 2020-01 for Highland Hills as submitted.
BOARD OF DIRECTORS’ REPORTS

Director Carrillo reported on the following: April 17 he met with the General Manager/CEO and the Director of Strategic Services to discuss the District’s emergency response to COVID-19; and April 21 he attended the Inland Action meeting where Felipe Fuentes was the speaker and discussed the impacts of COVID-19 on the legislation process.

Director Morales reported on the following: April 9 he participated in the Association of California Water Agencies Region 9 teleconference for a briefing on agency operations during COVID-19; April 10 he attended the East Valley Association of Realtors meeting where he provided an update on the District’s operations; April 14 he participated in the San Bernardino Board of Water Commissioners meeting where they approved the transfer of the East Trunk Sewer line from East Valley Water District; April 15 he participated in the Association of California Water Agencies Region 9 teleconference; and April 16 he participated in a teleconference with the General Manager/CEO and staff where he received an update on the District’s emergency response to COVID-19.

Director Coats reported on the following: April 14 he participated in a teleconference with the General Manager/CEO for an update on District business; April 17 he participated in a teleconference with the General Manager/CEO and staff for an update on the District’s emergency response to COVID-19; April 19 he attended a site tour of the SNRC to view construction progress; and April 21 he participated in the San Bernardino Valley Municipal Water District Board meeting.

Vice Chairman Goodrich reported on the following: April 15 he attended the District’s Special Board meeting where they presented the fiscal year 2020-21 goals and objectives; April 16 he met with the General Manager/CEO to review the agenda; and April 17 he participated in a teleconference with the General Manager/CEO and staff for an update on the District’s emergency response to COVID-19.

Chairman Smith reported on the following: April 10 he met with the General Manager/CEO to review the agenda; April 15 he attended the District’s Budget Workshop Special Board meeting; April 16 met with the General Manager/CEO to review the agenda; April 17 he participated in a teleconference with the General Manager/CEO and staff for an update on the District’s emergency response to COVID-19; and April 22 he participated in the San Bernardino Valley Water Conservation District Board meeting.

Information only.

GENERAL MANAGER/CEO REPORT

The General Manager/CEO responded to a comment from Director Morales regarding the Settlement Agreement between the City of San Bernardino, San Bernardino Valley Municipal Water District and East Valley Water District. He stated that the District recently completed the transfer of the East Trunk Sewer Line and as part of the agreement, the District will provide the City of San Bernardino notification that the treatment plant is up and running six months prior to going online.
He thanked staff for their continued dedication and hard work while we adjust to the changing situation; he stated that staff continues to provide essential services including answering customer calls, providing options for bill payments, fixing leaks etc., 24 hours a day, seven days a week.

As part of the District's commitment to public service, staff continues to hand out lunches and groceries to senior citizens in coordination with the Highland Senior Center and San Manuel Band of Mission Indians.

He thanked the public for their continued support during these try times.

Information only.

LEGAL COUNSEL REPORT

No report at this time.

BOARD OF DIRECTORS' COMMENTS

Director Morales stated that he appreciates the professionalism of District staff and for their commitment to the reliability of water, as it remains unaffected during these trying times.

Vice Chairman Goodrich commented that growth within the District is going in a positive direction.

Chairman Smith stated that he’s received positive comments from his neighbors on the District’s response to the crisis.

Information only.

ADJOURN

The meeting adjourned at 6:15 p.m.

___________________________
David E. Smith, Board President

__________________________
John Mura, Secretary
BOARD AGENDA STAFF REPORT

Agenda Item #2.e.
Meeting Date: May 13, 2020
Consent Item

To: Governing Board Members
From: General Manager/CEO

Subject: Approve Directors’ fees and expenses for April 2020

RECOMMENDATION:

Staff recommends that the Board approve the Governing Board Members' Fees and Expenses for April 2020.

BACKGROUND / ANALYSIS:

The Board has instructed staff to list all director fees and expenses as a separate agenda item to show full fiscal transparency. Only after Board review and approval will the compensation and expenses be paid.

AGENCY GOALS AND OBJECTIVES:

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

a) Practice Transparent and Accountable Fiscal Management

REVIEW BY OTHERS:

This agenda item has been reviewed by the Administration department.

FISCAL IMPACT

The fiscal impact associated with this agenda item is $7,875.00 which is included in the current fiscal budget.

Recommended by: Respectfully submitted:
John Mura Justine Hendricksen
General Manager/CEO District Clerk
<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
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<tbody>
<tr>
<td>Directors' Expense Reports April 2020</td>
<td>Backup Material</td>
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<td>Date</td>
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Subtotal Meetings' Stipend: (10) Meetings $1,750.00

Mileage

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Expense Type</th>
<th>Miscellaneous Reimbursement Description</th>
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</table>

Subtotal $0.00

TOTAL PAYMENT $1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

Date of Approval

Chris Carrillo

Administration Signature
As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

1. Meeting Date: 4/1/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Discussed district operations with CEO Mura.

2. Meeting Date: 4/7/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Discussed agenda for regular board meeting with CEO Mura.

3. Meeting Date: 4/8/2020
   Event Description: Regular Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Attended regular board meeting.

4. Meeting Date: 4/14/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Met with CEO Mura to discuss district business and agenda review.

5. Meeting Date: 4/15/2020
   Event Description: Special Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Attended special board meeting on district’s goals and objectives.
### DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET
### AB 1234 SUPPLEMENTAL REPORT FORM

Name: Chris Carrillo | Month / Year: April / 2020

As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date:</th>
<th>Event Description:</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 17 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Met with CEO Mura to discuss COVID-19 response and district business.</td>
</tr>
<tr>
<td>4 22 / 2020</td>
<td>Regular Board Meeting</td>
<td>Attended regular board meeting.</td>
</tr>
<tr>
<td>4 23 / 2020</td>
<td>SB Co. Water Conference Committee</td>
<td>Attended planning committee for San Bernardino County water conference.</td>
</tr>
<tr>
<td>4 28 / 2020</td>
<td>Inland Action Meeting</td>
<td>Attended Inland Action meeting with San Bernardino County Chairman of the Board Hagman providing update on county response to COVID-19.</td>
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</table>
### DIRECTOR EXPENSE / REIMBURSEMENT
#### ACTIVITY SHEET

**Name:** Ronald L. Coats  
**Month / Year:** April 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
<th>Oral</th>
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<tbody>
<tr>
<td>1</td>
<td>4/01</td>
<td>Meeting with General Manager/CEO or Designee</td>
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<td>4</td>
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<td>Meeting with General Manager/CEO or Designee</td>
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<td>Meeting with General Manager/CEO or Designee</td>
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<tr>
<td>8</td>
<td>4/20</td>
<td>SNRC Site Visit</td>
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<td>San Bernardino Valley MWD</td>
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<tr>
<td>10</td>
<td>4/22</td>
<td>Regular Board Meeting</td>
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<tr>
<td>11</td>
<td>4/29</td>
<td>Meeting with General Manager/CEO or Designee</td>
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<td>175</td>
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**Subtotal Meetings' Stipend**  
(10) Meetings $1,750.00

| Mileage | 0.00 X 0.575/mi | $0.00 |

**No.**  
**Date**  
**Expense Type**  
**Miscellaneous Reimbursement Description**  
**Reimbursement**

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</tbody>
</table>

**Subtotal** $0.00

**TOTAL PAYMENT** $1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

---

**Date of Approval**

Ronald L. Coats  
Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

1 Meeting Date: 4/1/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Had a phone conversation with CEO John Mura concerning district business and projects

2 Meeting Date: 4/7/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Had a phone conversation with CEO John Mura concerning district business and projects

3 Meeting Date: 4/7/2020
   Event Description: San Bernardino Valley MWD
   Brief Description of Meeting/Event Value to EVWD
   They approved a Water SMART Grant Contract with the US Bureau of Reclamation for the Central Feeder East Branch Extension Intertie Project. This project is a $2,151,000 project scheduled for start in early 2021 and the Federal Grant is for $750,000 toward the total cost. They approved an agreement to Exchange State Water Project Water for Santa Ana River Water during periods of poor water quality.

4 Meeting Date: 4/8/2020
   Event Description: Regular Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   See official board meeting minutes

5 Meeting Date: 4/14/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Had a phone conversation with CEO John Mura concerning district business and projects
### EAST VALLEY WATER DISTRICT
**LEADERSHIP • PARTNERSHIP • STEWARDSHIP**

**DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET**
**AB 1234 SUPPLEMENTAL REPORT FORM**

<table>
<thead>
<tr>
<th>Name: Ronald L. Coats</th>
<th>Month / Year: April / 2020</th>
</tr>
</thead>
</table>

As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date: 4/15/2020</th>
<th>Event Description: Special Board Meeting</th>
<th>Brief Description of Meeting/Event Value to EVWD: This board meeting was to review achievements for FY 2019-2020 and to show goals for FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting Date: 4/17/2020</td>
<td>Event Description: Meeting with General Manager/CEO or Designee</td>
<td>Brief Description of Meeting/Event Value to EVWD: Phone conversation with CEO John Mura, Kelly Malloy and Director Chris Carrillo concerning the district response to Covid 19, Incident Action Plan and Situation Report</td>
</tr>
<tr>
<td>Meeting Date: 4/20/2020</td>
<td>Event Description: SNRC Site Visit</td>
<td>Brief Description of Meeting/Event Value to EVWD: Made a visit to the Sterling Natural Resource Center to observe construction progress to date</td>
</tr>
<tr>
<td>Meeting Date: 4/21/2020</td>
<td>Event Description: San Bernardino Valley MWD</td>
<td>Brief Description of Meeting/Event Value to EVWD: They voted for T. Milford Harrison for the Special District representative to the LAFCO Board. They approved the purchase of up to 10,000 acre feet of water under the Yuba Accord Dry Year Program at a cost of between $2 million to $3.3 million. They approved posting the Zoom video of all future board meetings on their web site.</td>
</tr>
<tr>
<td>Meeting Date: 4/22/2020</td>
<td>Event Description: Regular Board Meeting</td>
<td>Brief Description of Meeting/Event Value to EVWD: See official board meeting minutes</td>
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</tbody>
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3
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 / 29 / 2020</td>
<td>Meeting with General Manager/CEO or Designee Had a phone conversation with CEO John Mura concerning district business and projects</td>
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12 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

13 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

14 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

15 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD
Name: Phillip R. Goodrich
Month / Year: April / 2020

<table>
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<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
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<th>Meeting Stipend</th>
<th>Report Provided</th>
<th>Written</th>
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<td>4/15</td>
<td>Special Board Meeting</td>
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<td>175</td>
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<td>Chamber of Commerce Event</td>
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Subtotal Meetings’ Stipend: (7) Meetings $1,225.00
Mileage: 0.00 x 0.575/mi = $0.00

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<th>Miscellaneous Reimbursement Description</th>
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Subtotal $0.00
TOTAL PAYMENT $1,225.00

I certify that the above is correct and accurate to the best of my knowledge.

Date of Approval

Phillip R. Goodrich
Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Meet with CEO at Sterling, toured site and received updates on new site safety RE: COVID 19</td>
</tr>
<tr>
<td>4/2/2020</td>
<td>Agenda Review</td>
<td>Agenda review with CEO and Chairman, update of District Affairs</td>
</tr>
<tr>
<td>4/8/2020</td>
<td>Regular Board Meeting</td>
<td>Attend regular board meeting</td>
</tr>
<tr>
<td>4/10/2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Meet with Chairman and CEO for weekly update</td>
</tr>
<tr>
<td>4/15/2020</td>
<td>Special Board Meeting</td>
<td>Attend special board meeting, budget workshop</td>
</tr>
</tbody>
</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

6 Meeting Date: 4/16/2020
   Event Description: Agenda Review
   Brief Description of Meeting/Event Value to EVWD
   With Chairman and CEO for Agenda review

7 Meeting Date: 4/17/2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Meeting with CEO, Chairman and Dir. Of strategic services RE: incident command center and daily covid district updates

8 Meeting Date: 4/22/2020
   Event Description: Regular Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Attend regular board meeting

9 Meeting Date: 4/28/2020
   Event Description: Chamber of Commerce Event
   Brief Description of Meeting/Event Value to EVWD
   Attend monthly Chamber meeting via webex update on CA210 expansion project

10 Meeting Date: 
   Event Description: 
   Brief Description of Meeting/Event Value to EVWD
### EAST VALLEY WATER DISTRICT
#### LEADERSHIP • PARTNERSHIP • STEWARDSHIP

**DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET**

Name: James Morales, Jr.  
Month / Year: April / 2020

<table>
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<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
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<th>Meeting Stipend</th>
<th>Report Provided</th>
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<td>Meeting with General Manager/CEO or Designee</td>
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**Subtotal Meetings' Stipend**  
(10) Meetings  
$1,750.00

**Mileage**  
$0.00 \times 0.575/\text{mi}$  
$0.00

<table>
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<th>No.</th>
<th>Date</th>
<th>Expense Type</th>
<th>Miscellaneous Reimbursement Description</th>
<th>Reimbursement</th>
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</table>

**Subtotal**  
$0.00

**TOTAL PAYMENT**  
$1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

Date of Approval

James Morales, Jr.  
Administration Signature
EAST VALLEY WATER DISTRICT
LEADERSHIP • PARTNERSHIP • STEWARDSHIP

DIRECTOR EXPENSE / REIMBURSEMENT
ACTIVITY SHEET
AB 1234 SUPPLEMENTAL REPORT FORM

Name: James Morales, Jr. Month / Year: April / 2020

As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

1 Meeting Date: 8 / 2020
Event Description: Regular Board Meeting
Brief Description of Meeting/Event Value to EVWD
Please refer to public agenda

2 Meeting Date: 9 / 2020
Event Description: ACWA Event
Brief Description of Meeting/Event Value to EVWD
Statewide update - Agency operations during Covid19 crisis.

3 Meeting Date: 10 / 2020
Event Description: East Valley Association of Realtors
Brief Description of Meeting/Event Value to EVWD
Board report assignment. District and SNRC update. Local legislative update.

4 Meeting Date: 14 / 2020
Event Description: San Bernardino Board of Water Commissioners
Brief Description of Meeting/Event Value to EVWD
Board report assignment. Transfer of East Branch trunk line to EVWD agenda item.

5 Meeting Date: 15 / 2020
Event Description: ACWA Event
Brief Description of Meeting/Event Value to EVWD
No Charge. 2 meetings same day. Statewide update - Agency financial issues during Covid19 crisis.
As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

<table>
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<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
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<tbody>
<tr>
<td>15 / 2020</td>
<td>Special Board Meeting</td>
<td>Please refer to public agenda.</td>
</tr>
<tr>
<td>16 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>EVWD COVID-19 District update.</td>
</tr>
<tr>
<td>22 / 2020</td>
<td>Regular Board Meeting</td>
<td>Please refer to public agenda.</td>
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<tr>
<td>23 / 2020</td>
<td>ACWA Event</td>
<td>Region 9 Legislative Update.</td>
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<tr>
<td>24 / 2020</td>
<td>ACWA Event</td>
<td>Statewide Legislative Meeting.</td>
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**EAST VALLEY WATER DISTRICT**

**LEADERSHIP • PARTNERSHIP • STEWARDSHIP**

**DIRECTOR EXPENSE / REIMBURSEMENT**

**ACTIVITY SHEET**

**AB 1234 SUPPLEMENTAL REPORT FORM**

<table>
<thead>
<tr>
<th>Name: James Morales, Jr.</th>
<th>Month / Year: March / 2020</th>
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As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

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<th>Meeting Date</th>
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<th>Brief Description of Meeting/Event Value to EVWD</th>
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<tbody>
<tr>
<td>12 29 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>No charge. More than 10 meetings. District and SNRC update.</td>
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<td>Brief Description of Meeting/Event Value to EVWD</td>
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### EAST VALLEY WATER DISTRICT
#### LEadership • Partnership • Stewardship

**DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET**

**Name:** David E. Smith  
**Month / Year:** April / 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
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<tr>
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<td>4/02</td>
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<td>4/10</td>
<td>Meeting with General Manager/CEO or Designee</td>
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<td>Agenda Review</td>
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<td>4/17</td>
<td>Meeting with General Manager/CEO or Designee</td>
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<td>4/22</td>
<td>San Bernardino VWC District</td>
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<td>4/28</td>
<td>Chamber of Commerce Event</td>
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**Subtotal Meetings' Stipend**  
(8) Meetings  
$1,400.00

| Mileage | 0.00  X 0.58/mi | $0.00 |

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<th>No.</th>
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**Subtotal**  
$0.00

**TOTAL PAYMENT**  
$1,400.00

I certify that the above is correct and accurate to the best of my knowledge.

David E. Smith

Date of Approval

Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date</th>
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<th>Brief Description of Meeting/Event Value to EVWD</th>
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<tbody>
<tr>
<td>4/2/2020</td>
<td>SB COUNTY TRANSPORTATION EASEMENT UPDATE</td>
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<td>4/2/2020</td>
<td>AGENDA REVIEW WITH VICE CHAIRMAN GOODRICH AND GM MURA</td>
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<tr>
<td>4/8/2020</td>
<td>REGULAR MEETING</td>
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<tr>
<td>4/8/2020</td>
<td>Regular Board Meeting</td>
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<tr>
<td>4/10/2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
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<td>BUDGET WORKSHOP REVIEW</td>
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<tr>
<td>6 4/15/2020</td>
<td>Special Board Meeting</td>
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<tr>
<td>7 4/16/2020</td>
<td>Agenda Review</td>
<td></td>
</tr>
<tr>
<td>8 4/17/2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>ICS UPDATE, DISCUSSED EVWD EMERGENCY RESPONSE TO COVID-19</td>
</tr>
<tr>
<td>9 4/22/2020</td>
<td>San Bernardino VWC District</td>
<td></td>
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<tr>
<td>10 4/22/2020</td>
<td>Regular Board Meeting</td>
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</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

11 Meeting Date: 4/28/2020
Event Description: Chamber of Commerce Event
Brief Description of Meeting/Event Value to EVWD

CHAMBER OF COMMERCE VIRTUAL MEETING, STATE RTE 210, BASELINE INTERCHANGE UPDATE

12 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

13 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

14 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD

15 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD
BOARD AGENDA STAFF REPORT

To: Governing Board Members
From: General Manager/CEO

Subject: Review Fraud Prevention and Detection Policy

RECOMMENDATION:

This report is provided to the Board of Directors for review and information only.

BACKGROUND / ANALYSIS:

Adopting sound fiscal policies is a prudent objective in the District’s endeavor to demonstrate stewardship and accountability over resources entrusted to the District’s management and staff by District ratepayers. Some policies establish guidelines for staff, while others require diligence by all members of the District, including Board members. The Fraud Prevention and Detection Policy (Policy) is an example of a policy requiring diligence by all members of the District.

The purpose of this policy is to communicate the District’s intent to deter and investigate all suspected fraudulent conduct and dishonesty by employees and others. This policy sets our specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraudulent conduct and other similar irregularities.

The need for District-wide consciousness about the possibility of fraud occurring is very important, and each year the District’s independent auditors are required to ask questions about how the importance of Fraud Prevention is communicated at the District. Presentation of the Policy at this meeting is part of that communication effort.

No changes to the Policy are recommended and is presented for informational and discussion purposes only.

AGENCY GOALS AND OBJECTIVES:

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

a) Practice Transparent and Accountable Fiscal Management
REVIEW BY OTHERS:

This agenda item has been reviewed by the Finance Department.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

Recommended by: John Mura
General Manager/CEO

Respectfully submitted: Brian Tompkins
Chief Financial Officer

ATTACHMENTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
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<tbody>
<tr>
<td>Fraud Prevention and Detection Policy</td>
<td>Backup Material</td>
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</table>
East Valley Water District (District) is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, vendors, agents, or its own employees, to gain by fraudulent conduct, financial or other benefits at the expense of District customers.

District officials and employees must, at all time, comply with all applicable laws and regulations. The District shall not condone the activities of officials or employees who achieve results through the violation of the law or unethical business dealings. The District does not permit an activity that fails to stand the closest possible public scrutiny.

**Purpose**

The purpose of this policy is to communicate the District’s intent to deter and investigate all suspected fraudulent conduct and dishonesty by employees and others. This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraudulent conduct and other similar irregularities.

**Definitions**

A. **Fraud** - The intentional false representation or concealment of material fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Fraud and other similar irregularities include, but are not limited to:

1. Claim for reimbursement of expenses that are not job-related or authorized by current Policy.

2. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, etc.).

3. The taking or other forms of misappropriation, of District assets (cash, checks, securities, supplies, furniture, equipment, etc.) to include the temporary removal or “borrowing” of District assets.

4. Improprieties in handling or reporting of money transactions.

5. Authorizing or receiving payment for goods not received or services not performed.

6. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data.
7. Misrepresentation of information on documents.
8. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.
9. Seeking or accepting anything of material value from those doing business with the district including vendors, consultants, contractors, lessees, and/or applicants.

B. Employee - In this context, employee refers to any individual or group of individuals who receive compensation, either full or part-time, from the District. The term also includes any volunteer who provides services to the District through an official arrangement with the District.

C. Management - In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises employees or volunteers of the District.

D. Investigator - The District’s General Manager or his designee shall be the investigator for all allegations of Fraud or other wrongdoing unless the General Manager is the subject of the investigation. In that case, the President of the Board of Directors shall assign an alternative investigator.

E. External Auditor - In this context, external auditor refers to independent audit professionals who perform annual audits of the District’s financial statements.

**Policy**

All elected officials, appointed committee/board members and employees of the District, as well as any individual or entity doing business with the District are prohibited from engaging in fraudulent conduct in the course of their employment, duties, or business relations with the District.

It is the Policy of the District to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the District and, when appropriate, to pursue legal remedies available under the law. This Policy applies to any irregularity or suspected irregularity, involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the District. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer’s length of service, position, title, or
relationship to the District. All employees are responsible for the reporting and prevention of fraud, misappropriations, and other irregularities.

Management is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

Employees will be granted whistle-blower protection when acting in accordance with the reporting provisions of this Policy. When informed of a suspected impropriety, neither the District nor any person acting on behalf of the District shall for retaliatory reasons do any of the following:

- Dismiss or threaten to dismiss the reporting employee.
- Discipline, suspend, or threaten to discipline or suspend the reporting employee.
- Impose any penalty upon the reporting employee.
- Intimidate or coerce the reporting employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal. Nothing herein shall prevent the District from otherwise taking non-retaliatory disciplinary action under the Personnel Policies or an applicable Memorandum of Understanding.

The General Manager, following his or her review of the investigation results, will take appropriate action regarding employee misconduct. Disciplinary action shall be imposed in accordance with the District’s Personnel Manual and/or Memorandums of Understanding and can include disciplinary action as severe as termination. Further, the case may be referred to an appropriate Law Enforcement Agency for possible arrest and prosecution.

**Procedures**

A. Management and Non-Management Responsibilities

1. Management is responsible for being alert to, and reporting fraudulent or related dishonest activities.
2. Non-management employees are responsible to report fraudulent or related dishonest activities.

3. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

4. If any employee of the District is, or becomes, aware of any activity that may involve fraud or other dishonest activities, they are to contact the General Manager immediately unless the General Manager is alleged to have involvement in the alleged misconduct. If the alleged misconduct is said to involve the General Manager, the Employee is to immediately notify the President of the Board of Directors.

5. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

6. All employees shall cooperate fully with the investigator, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.

7. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore all employees should avoid the following:
   a. Incorrect accusations.
   b. Alerting suspected individuals that an investigation is underway.
   c. Treating employees unfairly.
   d. Making statements that could lead to claims of false accusations or other offenses.

8. In handling dishonest or fraudulent activities, all employees have the responsibility to:
   a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be a reference to “what you did”, “the crime”, “the fraud”, “the misappropriation” etc.
b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the General Manager or District’s Legal Counsel. (Employees do have the right to consult with an attorney and/or their union representative).

c. Avoid discussing the case, facts, suspicions, or allegations with anyone other than employees who have a need to know.

d. Direct all inquiries from the suspected individual, or his or her representative, to the Investigator. All inquiries from the media should also be directed to the Investigator.

B. Investigator Responsibilities

1. The Investigator has the primary responsibility for the investigation of all activity as defined in this Policy.

2. Upon receiving an allegation of Fraud or other irregularities, the Investigator will promptly conduct a thorough investigation.

3. Employees must cooperate with the Investigator. Refusal, or the conveyance of inaccuracies, may subject an employee to disciplinary action up to and including dismissal.

4. The Investigator shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

5. If evidence is uncovered showing possible dishonest or fraudulent activities, the General Manager will proceed as follows.

   a. Take immediate action, in consultation with the District’s Legal Counsel, to prevent the theft, alteration, or destruction of evidentiary records. Such action may include, but is not limited to:

      - Removing the records and placing them in a secure location, or limiting access to the records.
      - Preventing the individual suspected of committing the fraud from having access to the records.
b. Take immediate action to improve internal control. Such action shall result in the General Manager having reasonable comfort that the changes in procedures will prevent similar future occurrences.

c. Take immediate action, in consultation with the District’s Legal Counsel to notify the appropriate Law Enforcement Agency (if appropriate) and to take further steps to recover any financial loss incurred by the District.

6. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of the essential particulars of the allegations following the conclusions of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Investigator no later than seven calendar days after notice is received.

7. Upon conclusion of the investigation, the results will be reported to the President of the Board of Directors.
To: Governing Board Members  
From: General Manager/CEO  
Subject: Emergency Response Update  

RECOMMENDATION:

This item is for information only, no action is requested at this time.

BACKGROUND / ANALYSIS:

East Valley Water District is committed to providing world class public service, this includes going to great lengths to meet the needs of the community during both normal and emergency situations.

Over the last year, a team of staff members have been working to update the District's emergency preparedness documents. This includes an evaluation of the hazards that could occur within the service area, development of planned responses to emergencies, and identification of projects that could mitigate the impact of future emergencies.

While this process has been underway, the COVID-19 pandemic began impacting people across the world resulting in the need for operational adjustments at the District level to comply with regulatory guidelines while maintaining service level for the community. This included the District proclaiming a local state of emergency, which allows for the modification of daily operations to meet the needs of the organizational vision.

This emergency has been an opportunity for staff to use the processes and procedures that have been put in place based on federal standards, with the ability to make adjustments to enhance efficiencies for the District. Actions have included development of incident action plans, holding regular staffing briefings, and situation reports. Confidence in the development of these documents is important in situations where the District would be submitting for reimbursement through FEMA.

The District has continued to provide service to the community, while maintaining a safe work environment. Unlike an earthquake or wildfire the COVID-19 emergency has not resulted in damage to infrastructure, however it has required adaptations to operations including:

- Deployment of a remote work plan for a majority of staff
- Implementation of enhanced cleaning measures in District facilities
- Procurement and distribution of personal protective equipment
- Enhanced communications through social media, bill inserts, and the website
Additionally, the steps taken during the COVID-19 emergency are being used in the development of a Business Continuity Plan, which had originally been scheduled for development in Fiscal Year 2020-21. This includes the development of the Return to Work Plan, which will help to guide the process of returning employees to the workplace from working remotely with new safety measures. By developing these plans and responding to the emergency concurrently, the District is able to ensure that the documents result in practical resources to help prioritize responses that have an enhanced degree of consistency than if they were developed independently.

The District will continue to respond to the current emergency and take steps to be prepared for ones in the future. An effective emergency preparedness program requires on-going attention and adjustments by staff throughout the organization.

**AGENCY GOALS AND OBJECTIVES:**

*Goal and Objectives III - Deliver Public Service with Purpose While Embracing Continuous Growth*

a) Advance Emergency Preparedness Efforts  
d) Embrace an Environment of Active Learning and Knowledge Sharing

**FISCAL IMPACT**

There is no fiscal impact associated with this item.

Recommended by:  
John Mura  
General Manager/CEO  
Respectfully submitted:  
Kelly Malloy  
Director of Strategic Services
To: Governing Board Members  
From: General Manager/CEO  
Subject: Consider Adoption of Resolution 2020.03 Updating Investment Policy 7.6  

RECOMMENDATION:  

Staff recommends that the Board of Directors (Board) review and approve Resolution 2020.03 updating the Statement of Investment Policy 7.6 (Policy) for fiscal year 2020-21.  

BACKGROUND / ANALYSIS:  

California Government Code section 53646(a) requires that the CFO/Treasurer of a local agency annually render to the legislative body a Statement of Investment Policy for consideration at a public meeting. Accordingly, a proposed Statement of Investment Policy for fiscal year 2020-21 is attached.  

The proposed Policy has minor modifications that were derived from comments from reviewers at the California Municipal Treasurers Association (CMTA). The CMTA has a Certification program that promotes peer review of agency Investment Policies to help ensure that they are compliant with current California Government Code requirements. Staff will submit the attached 2020-21 District policy for certification if approved by the Board.  

The modifications to the Policy, referred to above, can be found in the following sections:  

- Authorized Broker/Dealers (page 4) - all parties that participate in a District bond issue are now listed.  
- Bank Depository Accounts (page 5) - language clarifies bank responsibility for collateralization of District deposits in excess of the FDIC limit.  
- Glossary of Terms (pages 10-14) - Some terms that were not used in the language of the Policy were removed from the Glossary.  

AGENCY GOALS AND OBJECTIVES:  

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability  

a) Practice Transparent and Accountable Fiscal Management
REVIEW BY OTHERS:
This agenda item has been reviewed by the Finance Department.

FISCAL IMPACT
There is no fiscal impact associated with this agenda item.

Recommended by: John Mura
General Manager/CEO

Respectfully submitted: Brian Tompkins
Chief Financial Officer

ATTACHMENTS:
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RESOLUTION NO. 2020.03

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST VALLEY WATER DISTRICT
ESTABLISHING AN INVESTMENT POLICY FOR PUBLIC FUNDS

WHEREAS, the Board of Directors of the East Valley Water District (the “District”) desires to maintain a formal policy regarding the investment of public funds pursuant to the requirements of Government Code Sections 5921 and 53600 et seq.; and

WHEREAS, the Board of Directors of the District has employed qualified staff to invest those funds in accordance with the law and the terms of the District’s investment policy, as well as in a manner that advances the District’s investment objectives of safety, liquidity and yield; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District that the East Valley Water District Investment Policy attached hereto as Exhibit “A” and incorporated in full herein by this reference is hereby adopted as the formal investment policy of the District; and

BE IF FURTHER RESOLVED that the General Manager/CEO and the Treasurer/Chief Financial Officer of the District are hereby authorized and directed to invest the District’s funds in a manner consistent with the terms hereof and in accordance with any further directions of the District’s Board of Directors; and

BE IT FURTHER RESOLVED that this Resolution supersedes Resolution No. 2019.05 adopted by the Board of Directors of the District on April 24, 2019.

This Resolution shall take effect on July 1, 2020.

ADOPTED this 13th day of May 2020.

Ayes:
Noes:
Absent:
Abstain:

______________________________
David E. Smith,
Board President

East Valley Water District
Resolution 2020.03
Page 1 of 2
May 13, 2020

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2020.03 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held May 13, 2020.

______________________________
John Mura,
Secretary, Board of Directors
Purpose

The purpose of this policy is to establish guidelines for the prudent investment of East Valley Water District (District) funds in conformance with California Government Code requirements. Funds will be managed to provide for daily cash flow requirements and to meet the objectives of this policy.

Policy

It is the policy of the District to invest public funds in a manner which ensures the safety and preservation of capital while meeting reasonably anticipated operating needs, achieving a reasonable rate of return, and conforming to all state and local statutes governing the investment of public funds.

Scope

This policy applies to the investment of all operating funds; it does not apply to investments held in trust for the District retirement plan, or post-employment health benefits, as these investments are subject to policies established by the plan trustees. Indenture agreements specify how bond proceeds will be invested, but generally they will be invested in securities permitted by this policy. Invested funds are accounted for, and are identified in, the District’s Comprehensive Annual Financial Report.

Objectives

As specified in CGC §53600.5, when investing and managing public funds, the primary objectives, in priority order, of the District’s investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the East Valley Water District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating certain risks. Some of those risks are:

   A. Interest Rate Risk - the District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
• Structuring the investment portfolio so that securities mature to meet
cash requirements for ongoing operation and avoiding the need to sell
securities on the open market prior to maturity.

• Investing operating funds primarily in short-term securities money
market mutual funds, or investment pools.

B. Credit Risk - the risk that an issuer or other counterparty to an investment
will not fulfill its obligations, will be reduced by:

• Limiting investments to higher rated securities as further described in
this policy.

• Diversifying the investment portfolio so that potential losses on
individual securities will be reduced.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the East
Valley Water District to meet all operating requirements that might be reasonably
anticipated.

3. Return on Investments: The investment portfolio shall be designed with the
objective of attaining the best yield or returns on investments, taking into account
the investment risk constraints and liquidity needs. Return on investment is of
secondary importance compared to the safety and liquidity objectives.

Prudence

The standard of prudence to be used by District officials involved in the investment
program shall be the “prudent investor” standard and shall be applied in the context of
managing the overall portfolio. The meaning of the standard of prudent investor is
explained in CGC Section 53600.3, which states that “when investing, reinvesting,
purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act
with care, skill, prudence, and diligence under the circumstances then prevailing,
including, but not limited to, the general economic conditions and the anticipated needs
of the agency, that a prudent person acting in a like capacity and familiarity with those
matters would use in the conduct of funds of a like character and with like aims, to
safeguard the principal and maintain the liquidity needs of the agency.”
The CFO/Treasurer and delegated investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, 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 appropriate action is taken to control adverse developments.

**Delegation of Authority**

The authority of the District’s Board of Directors to invest District funds is derived from California Government Code (CGC) section 53601. Section 53607 of the CGC grants the Board the authority to delegate that authority to the District’s Chief Financial Officer (CFO)/Treasurer. Such delegation shall expire and be renewed annually, by Board Resolution, in conjunction with the annual investment policy review.

The CFO/Treasurer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate officials in the absence of the Treasurer. All transactions will be reviewed by the Treasurer on a regular basis to ensure compliance with this Policy. No Person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer.

**Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the District’s General Manager/CEO any material financial interest in financial institutions that conduct business within the District, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District.

All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers, and dealers will disclose any fee sharing arrangements or fee splitting to the CFO/Treasurer prior to the execution of any transaction.

**Authorized Broker-Dealers**
The CFO/Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California District. These may include primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers that qualify under Securities and Exchange Commission Rule 15C33-1 (uniform net capital rule). The list of approved financial institutions will be reviewed by the CFO/Treasurer on an annual basis.

All Broker Dealers who desire to conduct investment transactions with the District must supply the CFO/Treasurer with the following:

- Audited Financial Statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of State of California registration
- Completed broker/dealer questionnaire (except Certificate of Deposit counterparties)
- Certification of having read the District’s investment policy and depository contracts

**Authorized and Suitable Investments**

The East Valley Water District as empowered by California Government Code (CGC) §53600, et. Seq., establishes the following as authorized investments:

A. **Local Agency Investment Fund (LAIF).** The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (CGC §16429.1). The fund must have 24 hour liquidity. There is no limitation on the percentage of the District portfolio that may be invested with LAIF, however, LAIF does impose a maximum deposit of $65 million.

B. **United States Treasury Securities.** United States Treasury notes, bonds, or bills for which the full faith and credit of the United States is pledged for the payment of principal and interest (CGC §53601(b)). There is no limitation as to the percentage of the District’s portfolio that may be invested in these securities, however, maximum investment maturities are limited to five years.

C. **Federal Agency Obligations.** The District is permitted to invest in federal agency or United States government sponsored enterprise obligations, participations, mortgage backed securities or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States
government sponsored enterprises (CGC §53601(f)). Maximum maturity is limited to five years. There is no limitation as to the percentage of the District’s portfolio that may be invested in agencies.

D. Bank Depository Accounts. The District may invest in insured or collateralized certificates of deposit, savings accounts, market rate accounts, or other bank deposits issued by a state or national bank, savings and loan associations, or state or federal credit unions located in California (CGC §53630 et. Seq.). A written depository contract is required with all institutions that hold District deposits requiring that deposits be collateralized in accordance with the CGC. Under provisions of the Code, California banks and savings and loan associations are required to secure the District’s deposits by pledging government securities with a value of 110% principal and accrued interest. State law also allows financial institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150% of the District’s total deposits. The Treasurer may waive collateral requirement for the portion of any deposit insured pursuant to federal law. Securities placed in a collateral pool must provide coverage for at least 110% of all deposits that are placed in the institution. Acceptable pooled collateral is governed by CGC §53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in CGC §53651(m).

All financial institutions holding District deposits are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110%collateral rule, a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

Deposits are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), and a maximum deposit of up to the federal insurance limits may be deposited in any one institution without collateral. No bank shall receive District deposits in excess of the federal insurance limits that has a long-term debt rating by Moody’s investors Service, Standard & Poor’s, or Fitch Ratings of less that ‘A’. The maximum maturity is restricted to three years.

In accordance with CGC §53638, no deposit shall exceed the shareholder’s equity of any depository bank, nor shall a deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board of Directors or the General Manager/CEO or CFO/Treasurer of the
District serves on the Board of Directors or a committee of the credit union.

E. Municipal Securities. Registered treasury notes or bonds issued by the State of California or any of the other 49 states, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any states (CGC §53601 (c)(d)).

Bonds, notes, or other evidence of debt issued by a local agency within the State of California, including issues by East Valley Water District. This includes bonds payable solely out of revenue from a revenue-producing property owned, controlled, or operated by the local agency, or by an authority of the local agency (CGC §53601 (a)(e)).

Securities must have a debt rating of at least ‘AA’ by a Nationally Recognized Statistical Rating Organization (NRSRO). Maximum maturity is limited to five years from the date of purchase, and holdings of this type of security are limited to a maximum of 20% of the District’s investment portfolio.

F. Commercial Paper. Commercial paper of ‘prime’ quality of the highest ranking of the highest letter and number rating as provided for by a NRSRO and must be issued only by general corporations that are organized and operating within the United States and have total assets in excess of $500 million. The general corporation must have an ‘A’ rating or better on debt other than commercial paper, if any, assigned by an NRSRO (CGC §53601(h)).

Purchases shall not exceed 5% of the outstanding paper of the issuing corporation, and maximum maturity is restricted to 270 days. This type of investment shall not exceed 15% of the District’s investment portfolio.

G. Placement Service Deposits. The District may invest in Certificates of Deposit placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (CGC §53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, in combination with bank certificates of deposit shall not exceed 25% of the value of the District’s investments at any time. The maximum investment maturity will be restricted to three years.

H. Medium Term Notes. The District may invest in corporate and depository institution
debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States (CGC §53601(k)).

Securities eligible for investment under this section shall be rated ‘AA’ or better by an NRSRO. The maximum maturity is restricted to five years, and investment in this category of security shall not exceed 30% of the District’s investible funds, and not more than 5% from a single issuer.

I. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (CGC §53601(l)(2)).

The Company shall either 1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000). A maximum of 15% of the District’s investible funds can be invested in Money Market Mutual funds.

J. **Local Government Investment Pools.** Shares of beneficial interest in an investment pool created by a joint powers authority organized pursuant to CGC §6509.7 and that invest in securities and obligations authorized in the California Government Code (CGC §53601(p)). Investment is limited to pools that seek to maintain a stable Net Asset Value (NAV) and must be rated at least ‘AA’ or better by a NRSRO. A maximum of 25% of the District’s portfolio may be invested in Local Government Investment Pools.

K. **Prohibited Investments.** Under the provision of CGC §53601.6 and §53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

**Review of Investment Portfolio**

The securities held by East Valley Water District must be in compliance with the above section ‘Authorized and Suitable Investments’ at the time of purchase. Because some securities may not comply with this section subsequent to the date of purchase, the
CFO/Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The CFO/Treasurer shall establish procedures to report to the District’s Board of Directors, major and critical incidences of non-compliance identified through the review of the portfolio.

**Investment Pools / Mutual Funds**

When the District’s investment portfolio includes Investment Pools and Mutual Funds, as permitted in the section ‘Authorized and Suitable Investments’, the CFO/Treasurer shall as a matter of due diligence, monitor the assets held by the pools/funds. At least quarterly, the CFO/Treasurer will conduct an investigation to determine the following:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculation and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how it is assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

**Safekeeping and Custody Agreements**

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by the East Valley Water District shall be kept in safekeeping by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All securities will be received and
delivered using standard delivery versus payment (DVP) procedures with the Districts custodial bank, and evidenced by safekeeping receipts.

**Diversification and Maximum Maturities**

The District will diversify its investment by security type and institution. With the exception of the US Government, its agencies and instrumentalities, and the Local Agency Investment Fund, no more than 5% of the District’s total investment portfolio will be invested in a single security type with a single financial institution.

To the extent possible, East Valley Water District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the date of purchase. Reserve funds may be invested in securities exceeding 5 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

**Internal Controls**

The CFO/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control structures shall be designed to provide reasonable assurance that these objectives are met. Internal controls shall be in writing and shall address the following: separation of transaction authority from accounting and record keeping, safekeeping of assets and written confirmation of telephone transactions for investments and wire transfers.

The external auditors will annually review the investments and general activities associated with the investment program. This review will provide internal control by assuring compliance with the Investment Policy and District policies and procedures.

**Performance Standards**

The investment portfolio will be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints, and the cash flow needs.
The District’s investment strategy is passive. The performance of the District’s investment portfolio will be evaluated and compared to an appropriate benchmark in order to assess the success of the investment portfolio relative to the District’s Safety, Liquidity, and Return on Investments’ objectives.

**Investment Reporting**

In accordance with California Government Code §53646, the CFO/Treasurer will prepare a quarterly Investment Report and render the report to the Board of Directors no later than 30 days after the close of each calendar quarter.

The report shall provide the type of investment, issuers, the date of maturity, par values and market values of each investment, transactions occurring during the reporting period, and identification of funds managed by third party managers. The report will also include 1) certification that all investment transactions have been made in compliance with the District’s Investment Policy, and 2) a statement that the District has the ability to meet all of its expenditure requirements during the next six months.

**Policy Adoption**

**Adoption.** This policy shall be reviewed annually with the Board of Directors and adopted by Board Resolution.

**Amendments.** Any changes to the policy, or persons charged with maintaining internal controls over investments, must be approved by the Board.

**Glossary of Terms**

(Note: All words of a technical nature should be included. Following is an example of common treasury terminology.)

**Agencies:** Federal agency securities and/or Government-sponsored enterprises.

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio’s investments.

**Broker:** A broker brings buyers and sellers together for a commission.

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.
Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Comprehensive Annual Financial Report (CAFR): The official annual report of the (East Valley Water District). It includes four combined financial statements prepared in conformity with Generally Accepted Accounting Principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

Coupon: (a) The annual rate of interest that a bond’s issuer promises to pay the bondholder on the bond’s face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Derivatives: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Diversification: A dividing investment funds among a variety of securities offering independent returns.

Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.
Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals (e.g., S & L’s, small business firms, students, farmers, farm cooperatives, and exporters).

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per entity.

Federal Funds Rate: The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquify the housing related assets of its members who must purchase stock in their district Bank.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

Liquidity: A liquidity asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The marker in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded.

Offer: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

Portfolio: Collection of securities held by an investor.
Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

“Prudent Investor” Standard: A standard of responsibility which applies to fiduciaries. In California, the rule is stated as “Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes.”

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Sec Rule 15(C)3-1: See Uniform Net Capital Rule.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to
purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.