

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.*



**BOARD OF DIRECTORS  
REGULAR MEETING**

**JUNE 07, 2023**

**8:00 AM**

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1021 E. Miramar Avenue | Claremont, California 91711-2052

909.621.5568 | [www.threevalleys.com](http://www.threevalleys.com)



THREE VALLEYS MUNICIPAL WATER DISTRICT  
REGULAR BOARD MEETING AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711

June 7, 2023 – 8:00 AM

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region’s needs in a reliable and cost-effective manner.*

**NOTICE OF VIDEOCONFERENCE/TELECONFERENCE ACCESSIBILITY**

Three Valleys MWD will hold this meeting of its Board of Directors on the date and time, and at the location set forth above. The public may participate in the meeting by physical attendance at the meeting or by videoconference or teleconference utilizing the following links:

**Link to join webinar:** <https://tvmwd.zoom.us/j/81630711248>

OR

**Dial in:** (669) 444-9171, Webinar ID: 816 3071 1248

Any member of the public wishing to participate in public comment may do so in any of the following manners: (1) by using the “Raise Hand” feature on the Zoom platform and when prompted by the Board President during the public comment period, (2) by filling out the electronic speaker’s card at the following link <https://arcg.is/0z5GqO> prior to the close of public comment, (3) by sending an email to [PublicComment@tvmwd.com](mailto:PublicComment@tvmwd.com) prior to the close of public comment, or (4) those attending the meeting in person may complete a speaker’s card and provide it to the Executive Assistant prior to the close of public comment.

- 1. CALL TO ORDER ROBERTO
- 2. ROLL CALL AGUIRRE  
  - Jody Roberto, President
  - Mike Ti, Vice-President
  - Carlos Goytia, Secretary
  - Bob Kuhn, Treasurer
  - David De Jesus, Director
  - Jeff Hanlon, Director
  - Danielle Soto, Director
- 3. FLAG SALUTE ROBERTO
- 4. DIRECTOR REMOTE PARTICIPATION PURSUANT TO AB 2449 [Government Code Section 54953(f)] ROBERTO
  - A. NOTIFICATION DUE TO JUST CAUSE
  - B. REQUEST DUE TO EMERGENCY CIRCUMSTANCES

**BOARD ACTION REQUIRED ITEM 4.B**

Staff Recommendation: None

5. AGENDA REORDER/ADDITIONS [*Government Code Section 54954.2(b)(2)*] Additions to the agenda may be considered when two-thirds of the board members present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the board members are present, all must affirm the action to add an item to the agenda. The Board shall call for public comment prior to voting to add any item to the agenda after posting. ROBERTO
6. PUBLIC COMMENT (*Government Code Section 54954.3*) Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda. We request that remarks be limited to three minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled. ROBERTO
7. PRESENTATIONS LITCHFIELD
- A. SPHERES OF SUSTAINABILITY SUMMIT CERTIFICATE PRESENTATION
- B. TVMWD TEAM ACHIEVEMENTS AND MILESTONES
- C. CHANDLER ASSET MANAGEMENT ECONOMIC PORTFOLIO UPDATE
8. PUBLIC MEETING FY 2023/24 WATER STANDBY CHARGE ROBERTO
- The Board will convene a Public Meeting to consider any comments or testimony regarding the FY 2023/24 Water Standby Charge. A draft resolution regarding the imposition of the Water Standby Charge will be reviewed. Final action to adopt the Water Standby Charge will be considered by the Board following the Public Hearing scheduled for June 21, 2023 at 8:00 a.m.
9. GENERAL MANAGER'S REPORT LITCHFIELD
- The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.
- A. CONSOLIDATION OF THE DEFERRED COMPENSATION PLAN RECORD-KEEPING PLATFORMS ROBLER
- The Board will review the consolidation of the deferred compensation plan record-keeping platforms.
- B. RESOLUTION NO. 23-06-DRAFT TVMWD'S INVESTMENT POLICY COHN
- The Board will review any modifications made to the Investment Policy.
- C. REVIEW OF FY 2023/24 GENERAL MANAGER'S WORK PLAN LITCHFIELD
- The Board will review the General Manager's Work Plan for FY 2023/24.

ITEM 9 CONTINUED

D. PROJECTS SUMMARY UPDATE PANZER

The Board will be provided an oral update of ongoing TVMWD projects.

10. ACTION AGENDA LITCHFIELD

The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the agenda so that the Board may discuss and take action on the item if the Board is so inclined.

A. ADOPT RESOLUTION NO. 23-06-965 HONORING LIZ COHN FOR EIGHTEEN YEARS OF SERVICE LITCHFIELD

The Board will consider adopting Resolution No. 23-06-965 honoring Liz Cohn for 18 years of service at Three Valleys MWD.

**BOARD ACTION REQUIRED 10.A**

Staff Recommendation: Approve as Presented

B. APPROVE POLICY MANUAL UPDATE LITCHFIELD

The Board will consider approval of the updated Policy Manual.

**BOARD ACTION REQUIRED 10.B**

Staff Recommendation: Approve as Presented

C. ORGANIZATIONAL CHART AND SALARY SCHEDULE MODIFICATIONS ROBLES

The Board will consider approval of the organizational chart and salary schedule modification recommendations.

**BOARD ACTION REQUIRED 10.C**

Staff Recommendation: Approve as Presented

11. DIRECTORS'/GENERAL MANAGER'S ORAL REPORTS ROBERTO

Directors may report on activities for meetings to which they are assigned to serve as the representative or alternate of TVMWD and on other areas of interest.

A. METROPOLITAN WATER DISTRICT DE JESUS

B. CHINO BASIN WATERMASTER KUHN

C. MAIN SAN GABRIEL BASIN WATERMASTER TI

D. SIX BASINS WATERMASTER ROBERTO

E. SAN GABRIEL BASIN WATER QUALITY AUTHORITY KUHN

ITEM 11 CONTINUED

- |  |            |
|--|------------|
| F. ADDITIONAL BOARD MEMBER REPORTS/COMMENTS  | ALL        |
| G. GENERAL MANAGER'S COMMENTS  | LITCHFIELD |
| 12. CLOSED SESSION   | ROBERTO    |
| A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION<br>[Government Code Section 54956.9(d)(1)]<br>Name of Case: Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino County Superior Court Case No. RCV RS 51010 |            |
| 13. FUTURE AGENDA ITEMS  | ROBERTO    |
| 14. ADJOURNMENT AND NEXT MEETING   | ROBERTO    |
| The Board will adjourn to a regular Board Meeting on June 21, 2023 at 8:00 AM.   |            |

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In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Executive Assistant at (909) 621-5568 at least 24 hours prior to the meeting.

Pursuant to Government Code Section 54957.5, materials related to an item on this agenda submitted after distribution of the agenda packet will be posted on the TVMWD website at [www.threevalleys.com](http://www.threevalleys.com).

Three Valleys MWD Board meeting packets and agendas are available for review at [www.threevalleys.com](http://www.threevalleys.com).

# Three Valleys Municipal Water District

*Period Ending April 30, 2023*

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | [www.chandlerasset.com](http://www.chandlerasset.com)



## Table of Contents

<b>SECTION 1</b>	<b>Economic Update</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Transactions</b>

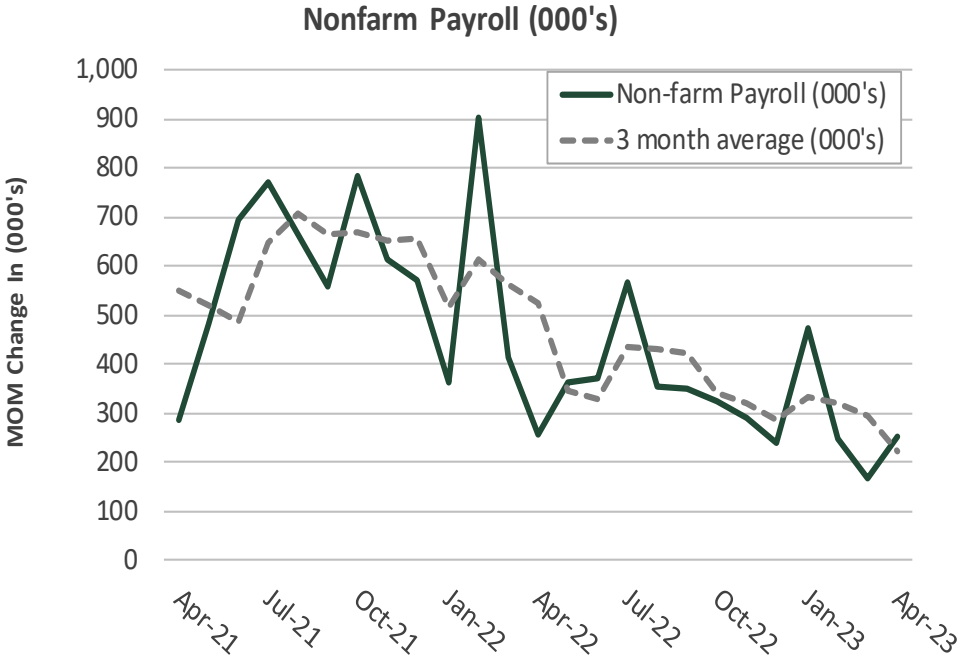
# Section 1 | Economic Update



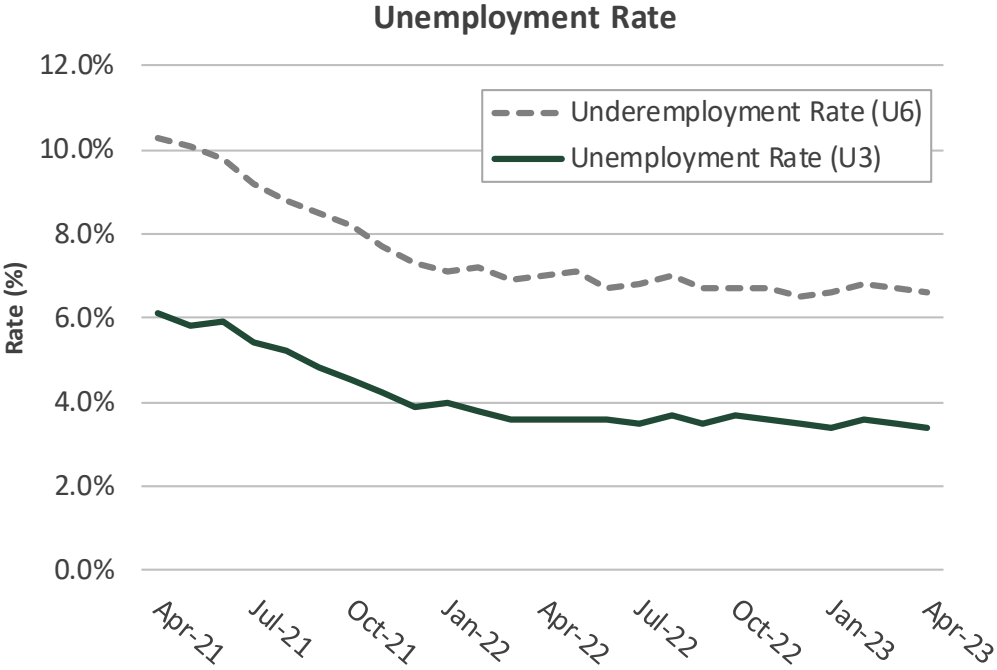
## Economic Update

- Economic trends have been decelerating along with tighter financial conditions and restrictive monetary policy. Recent data suggests positive but below trend growth this year. Although the pace of job growth is moderating, labor markets remain solid, and the U.S. consumer has demonstrated resiliency. Market participants and the Federal Reserve are maintaining very divergent views regarding the future trajectory of monetary policy. Given the cumulative effects of tighter monetary policy and stress in the banking sector, we believe the Federal Reserve is likely near a pause in their rate hiking campaign. If moderate growth continues, we believe the Fed will likely maintain the Federal Funds rate in restrictive territory until inflationary pressures subside.
- At the May meeting, the Federal Open Market Committee voted unanimously to raise the target federal funds rate by 0.25% to a range of 5.00 - 5.25%. Notably, the committee omitted a line from its March statement referencing that “some additional policy firming may be appropriate.” Instead, the FOMC will determine “the extent to which additional policy firming may be appropriate”, implying a potential pause that is data dependent. Fed Chair Powell reiterated the committee’s focus on bringing down inflation to their 2% target and indicated that their outlook did not support rate cuts, contrary to the market consensus. The statement also emphasized that the U.S. banking system is “sound and resilient” and acknowledged the tightening of financial conditions. Considering the totality of economic data, the Chandler team continues to believe the Fed is likely near a pause in their rate hiking cycle and will maintain higher rates for some time.
- In April, the yield curve inversion widened. The 2-year Treasury yield fell 2 basis points to 4.01%, the 5-year Treasury yield dropped 9 basis points to 3.49%, and the 10-year Treasury yield fell 5 basis points to 3.43%. The inversion between the 2-year Treasury yield and 10-year Treasury yield declined to -58 basis points at April month end versus -56 basis points at March month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was +22 basis points. The inversion between 3-month and 10-year Treasuries widened to -163 basis points in April from -128 in March. The shape of the yield curve indicates that the probability of recession is increasing.

# Employment



Source: US Department of Labor



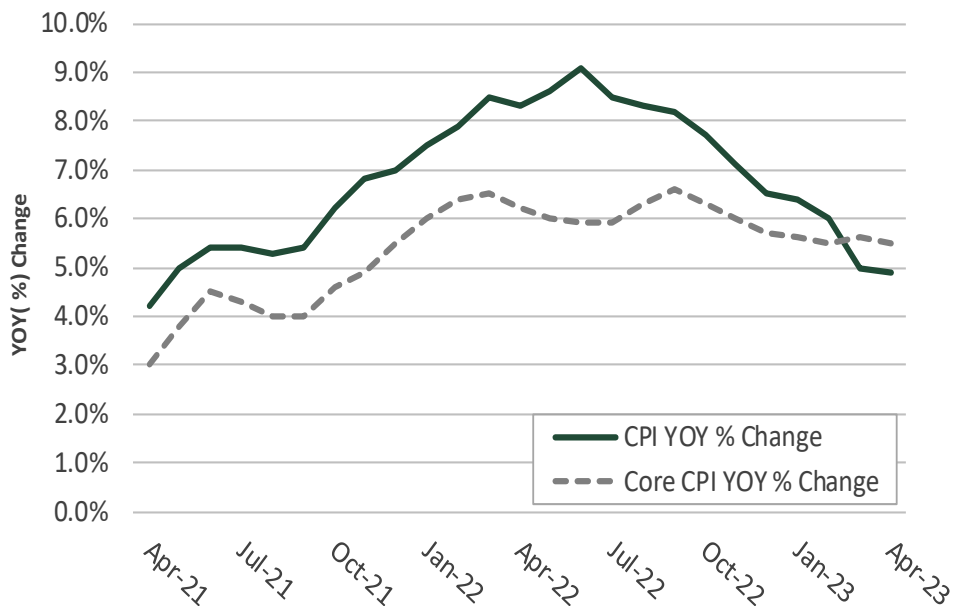
Source: US Department of Labor

The U.S. economy added 253,000 jobs in April, following a downward revision of 71,000 to 165,000 jobs for the month of March. The pace of job growth is slowing, with the three-month moving average payrolls at 222,000 and the six-month moving average at 277,800. Broad-based gains in the private sector point to employment continuing to show strength, led by professional and business services. The unemployment rate fell to 3.4%, while the labor force participation rate remained at 62.6% in April. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 6.6% from the prior month at 6.7%. Average hourly earnings accelerated to 4.4% year-over-year in April, up from a revised 4.3% increase in March. Job Openings in March decreased for the third consecutive month to 9.59 million, indicating a slower demand for labor and increased layoffs. While the overall pace of hiring is slowing, levels remain consistent with a solid labor market.



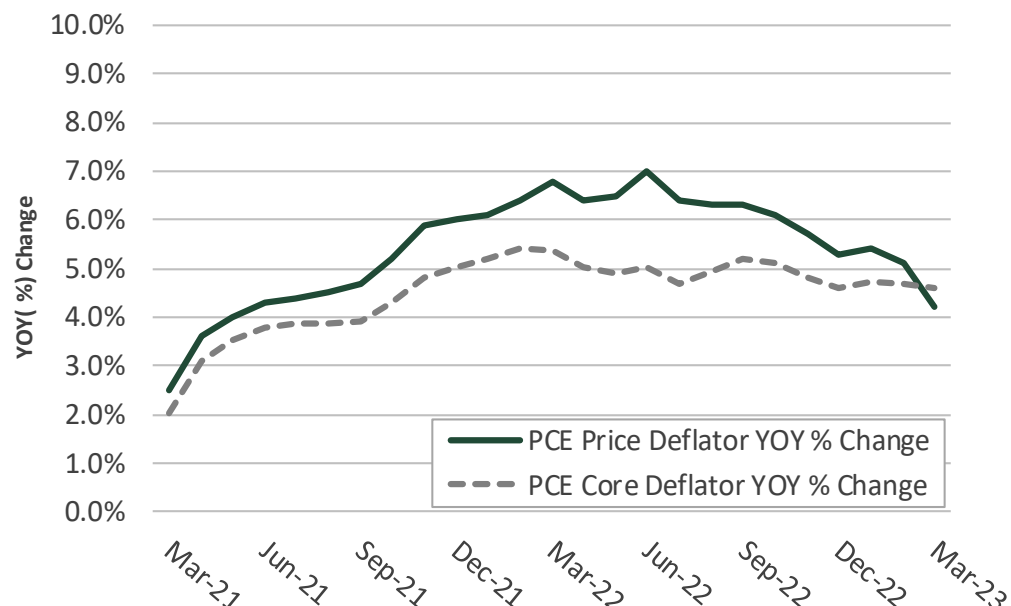
# Inflation

### Consumer Price Index (CPI)



Source: US Department of Labor

### Personal Consumption Expenditures (PCE)



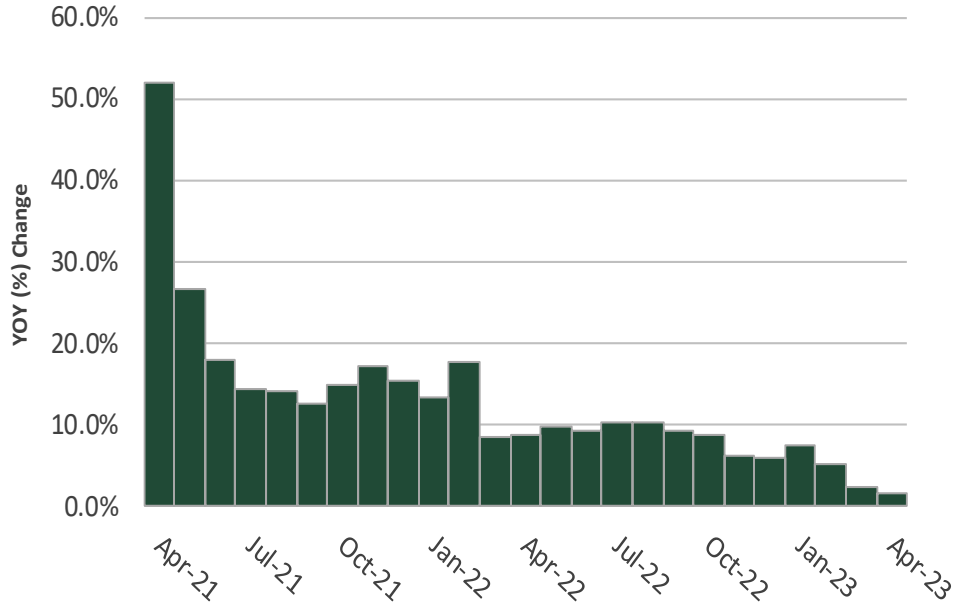
Source: US Department of Commerce

The Consumer Price Index (CPI) increased in April 0.4% month-over-month and 4.9% year-over-year, down from 5.0% in March. The Core CPI, which excludes volatile food and energy components, rose 0.4% month-over-month and 5.5% year-over-year, decelerating from 5.6% in March. The Personal Consumption Expenditures (PCE) index rose 4.2% year-over-year in March, improving from a 5.1% year-over-year gain in February. Core PCE, the Federal Reserve’s preferred inflation gauge, increased 4.6% year-over-year in March, down slightly from a 4.7% increase in February. Inflationary trends are declining, but the return to the Fed’s 2% target remains uneven with elevated service-sector inflation and strong wage growth as headwinds.



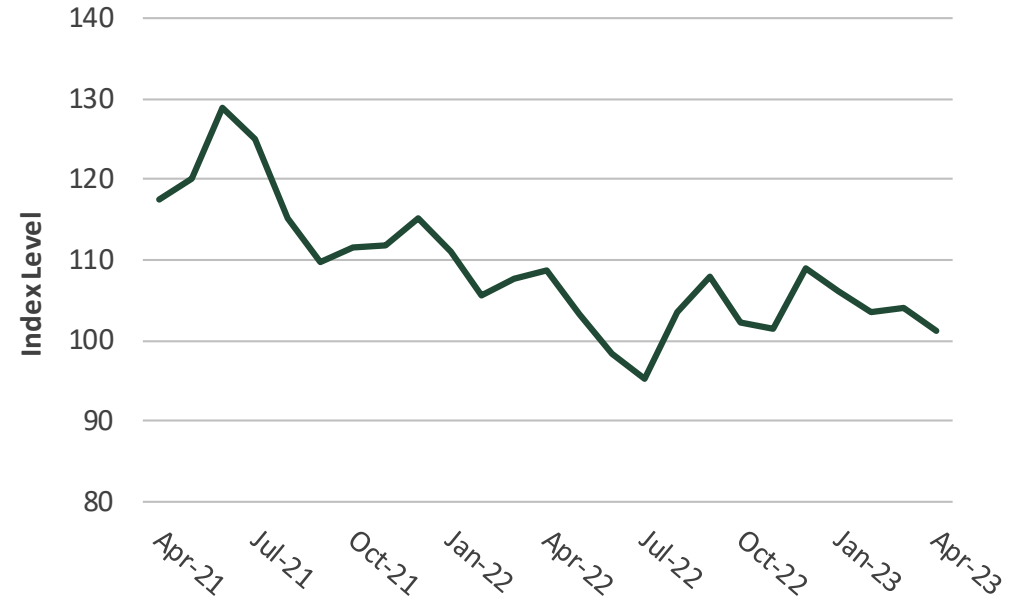
# Consumer

### Retail Sales YOY % Change



Source: US Department of Commerce

### Consumer Confidence

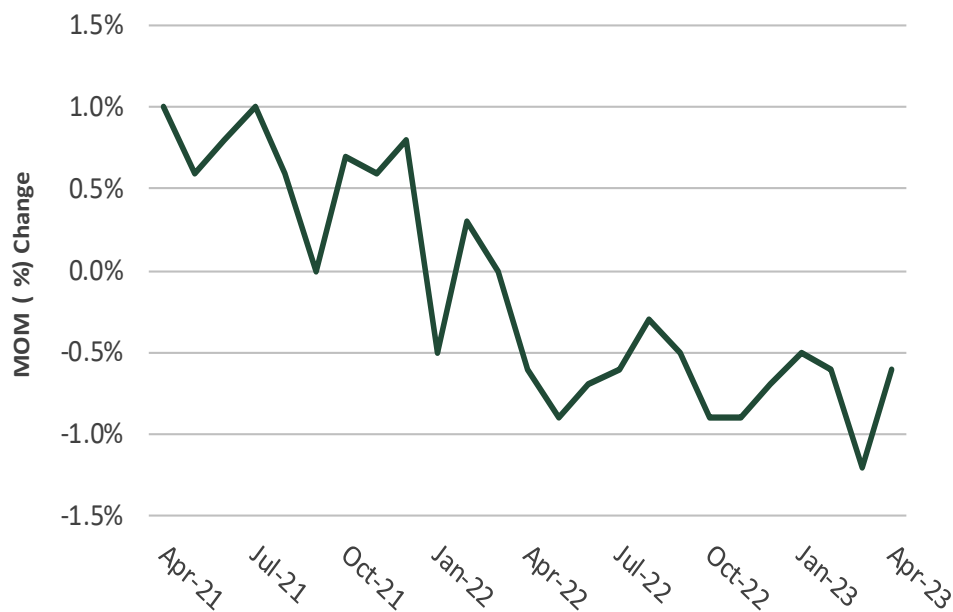


Source: The Conference Board

Advance Retail Sales rose 0.4% month-over-month in April, rebounding from a decline of 0.7% in March. Gains were broad-based and translated to a year-over-year increase of 1.6% in April versus a downwardly revised 2.4% increase in March. The Conference Board's Consumer Confidence Index unexpectedly declined to 101.3 in April from a downwardly revised 104.0 in March. While the present situation was viewed favorably, future expectations declined sharply as the outlook for business conditions, employment, and income all deteriorated.

# Economic Activity

Leading Economic Indicators (LEI)



Source: The Conference Board

Chicago Fed National Activity Index (CFNAI)



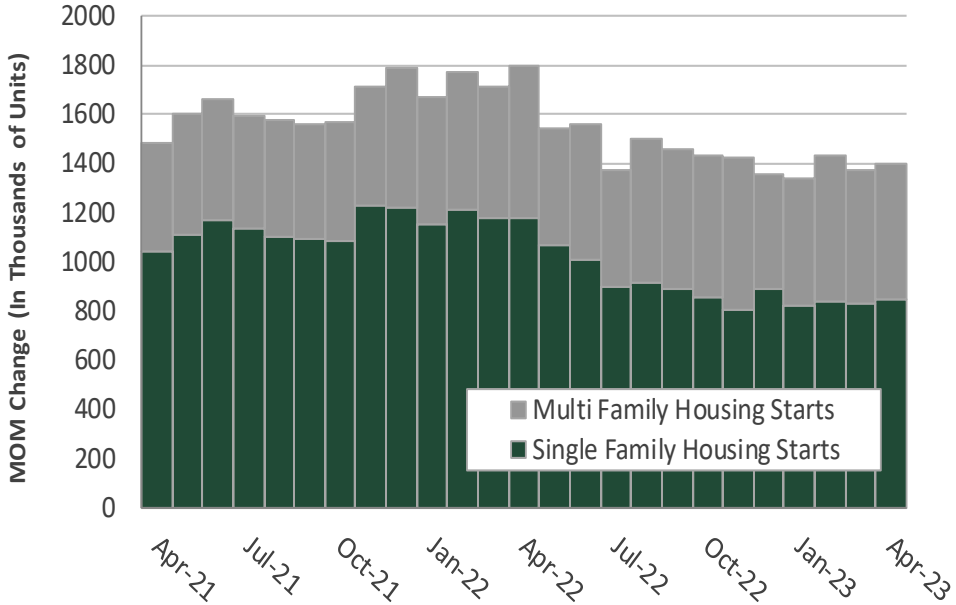
Source: Federal Reserve Bank of Chicago

The Conference Board’s Leading Economic Index (LEI) remained in negative territory for the thirteenth consecutive month at -0.6% in April, versus -1.2% in March. The LEI was down 8.0% year-over-year in April, unchanged from March. The consistent decline month-over-month continues to signal future contraction in the economy. The Chicago Fed National Activity Index (CFNAI) was unchanged month-over-month at -0.19 in March. On a 3-month moving average basis, the CFNAI increased to 0.01 in March from an upwardly revised -0.09 in February, indicating a rate of growth approximately equal to the historical average trend.



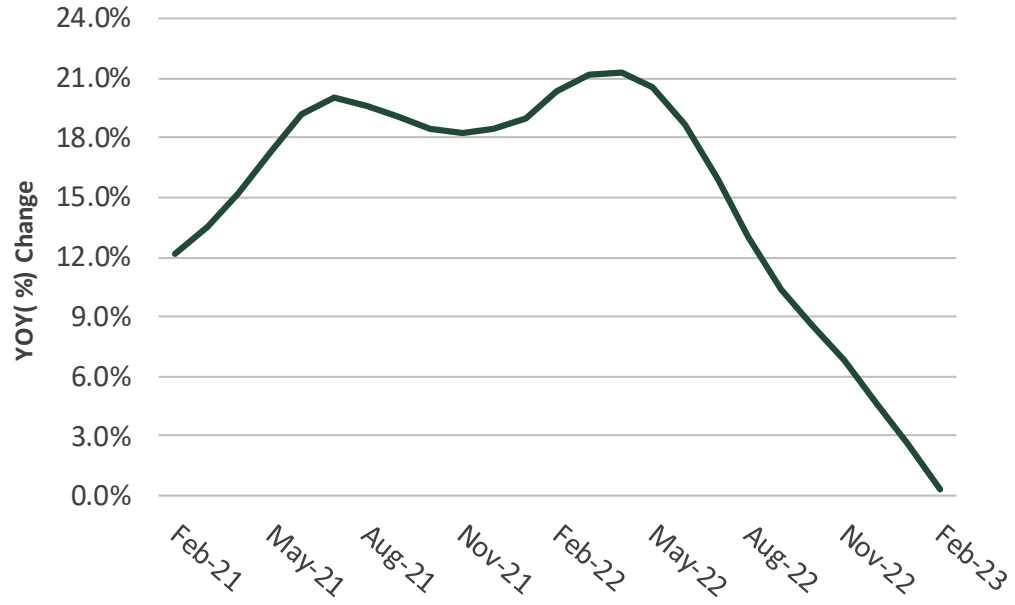
# Housing

### Housing Starts



Source: US Department of Commerce

### S&P/Case-Shiller 20 City Composite Home Price Index



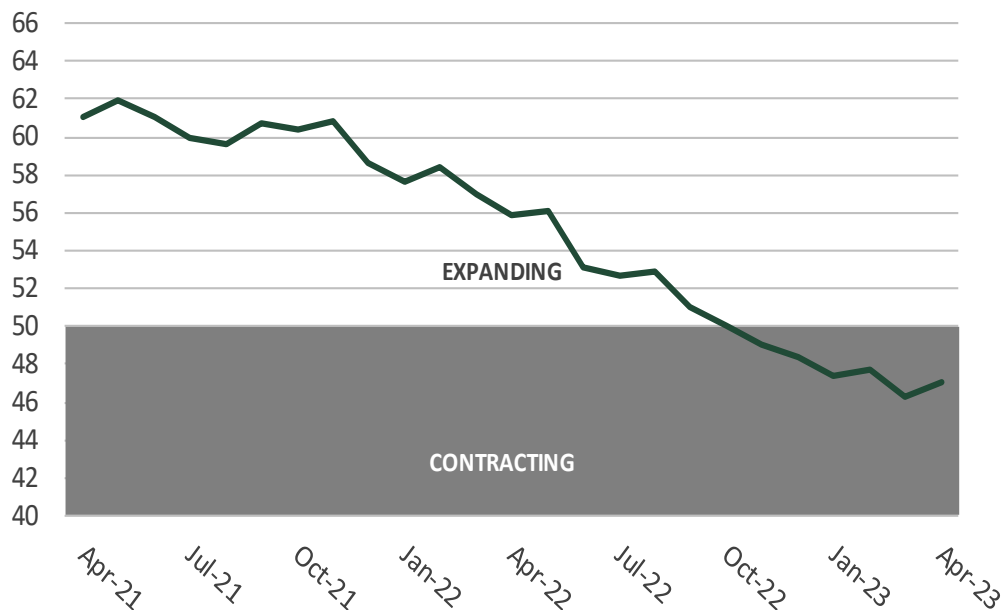
Source: S&P

Total housing starts rose 2.2% month-over-month in April to 1,401,000 units from a downwardly revised 1,371,000 in March and were down 22.3% compared to April 2022. Both single-family and multi-family construction increased as the low supply of existing inventory drove higher builder confidence. The 30-year fixed rate mortgage averaged approximately 6.57% in mid-May according to Freddie Mac, down from a peak of 7.08% in October, but up over 100 basis points from a year ago. According to the Case-Shiller 20-City Home Price Index, the year-over-year increase continued its declining rate of gain to just +0.36% in February, the smallest gain since 2012, after rising +2.58% in January, clearly displaying the impact of higher mortgage rates year-over-year, which have reduced demand for homebuying as affordability has declined. The Southeast remains the strongest region, while the West continues to be the weakest.



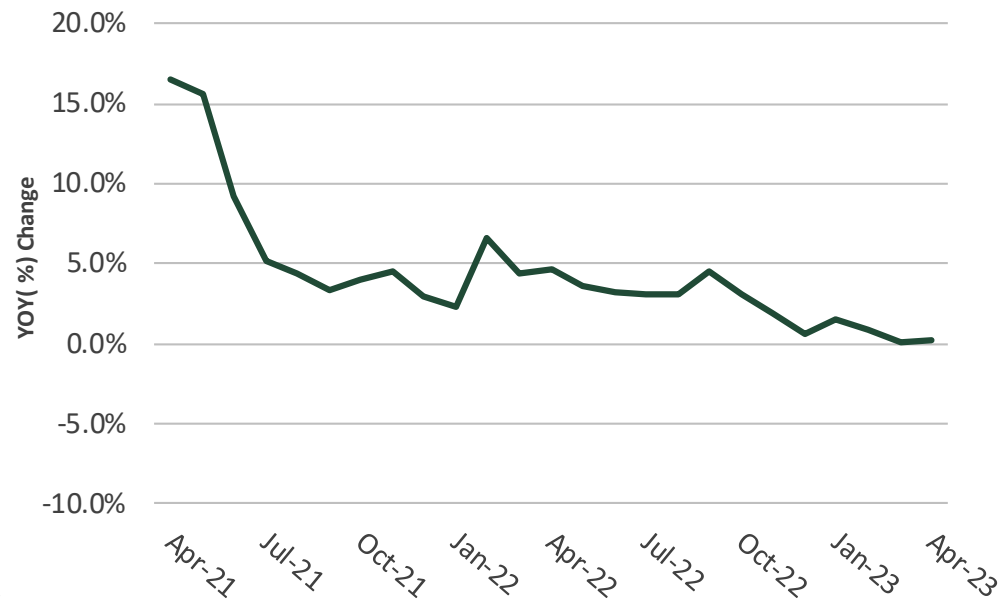
# Manufacturing

**Institute of Supply Management Purchasing Manager Index**



Source: Institute for Supply Management

**Industrial Production**



Source: Federal Reserve

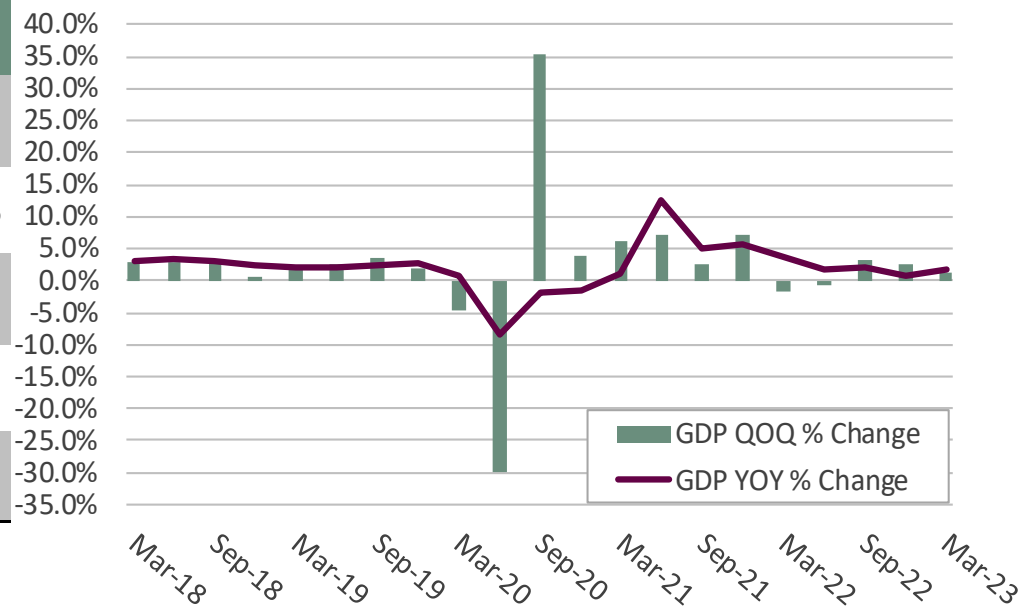
The Institute for Supply Management (ISM) manufacturing index rose to 47.1 in April from 46.3 in March. This is the sixth consecutive month of readings below 50.0, which is indicative of contraction in the manufacturing sector. All components improved, including the headline, new orders, employment, and prices. Industrial production rose 0.5% in April due to increases in manufacturing and mining. This equates to a 0.24% increase in industrial production from the prior year. Capacity utilization increased to 79.7% in April from a downwardly revised 79.4% in March, inching above its 1972-2021 average of 79.6%.

## Gross Domestic Product (GDP)

Components of GDP	6/22	9/22	12/22	3/23
Personal Consumption Expenditures	1.4%	1.5%	0.7%	2.5%
Gross Private Domestic Investment	-2.8%	-1.8%	0.8%	-2.3%
Net Exports and Imports	1.2%	2.9%	0.4%	0.1%
Federal Government Expenditures	-0.2%	0.2%	0.4%	0.5%
State and Local (Consumption and Gross Investment)	-0.1%	0.4%	0.3%	0.3%
<b>Total</b>	<b>-0.6%</b>	<b>3.3%</b>	<b>2.6%</b>	<b>1.1%</b>

Source: US Department of Commerce

### Gross Domestic Product (GDP)

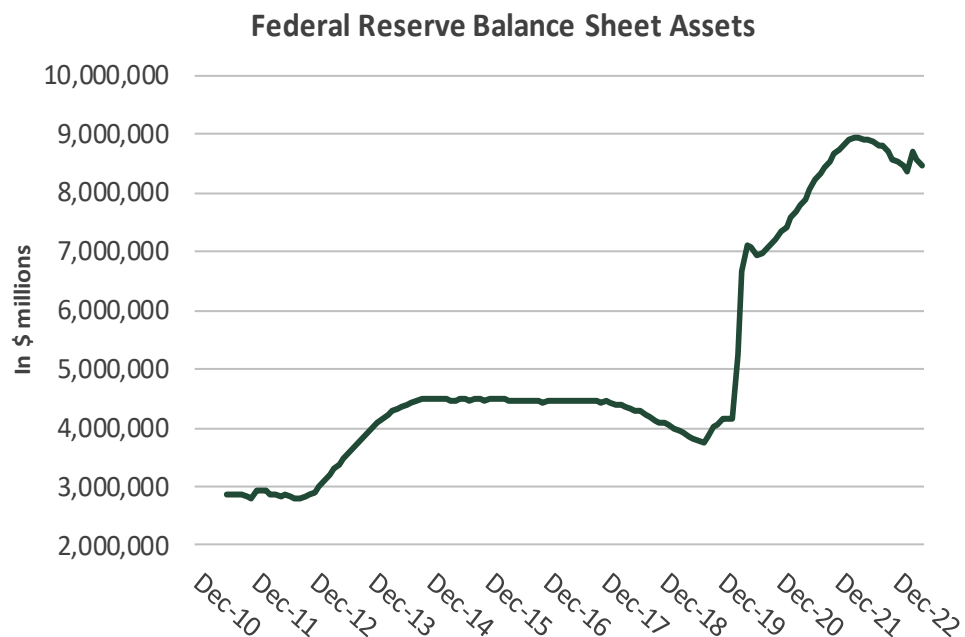


Source: US Department of Commerce

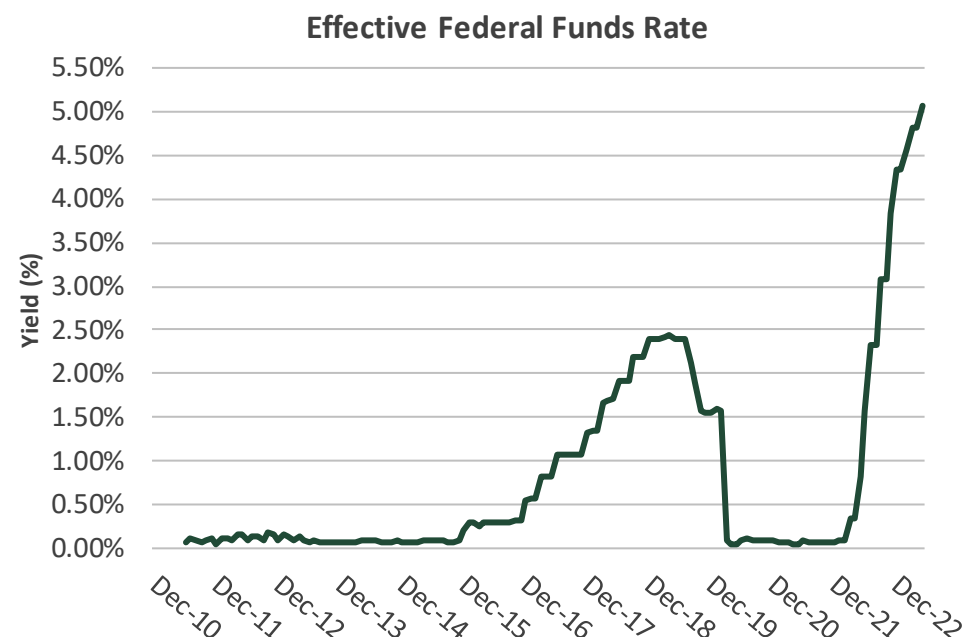
According to the advance estimate, first quarter 2023 GDP rose by a lower than expected 1.1%, after 2.6% growth in the fourth quarter 2022. The increase was driven primarily by consumer spending, while gross investment declined sharply. The consensus estimate calls for only 0.1% growth for the second quarter and 1.1% growth for the full year 2023.



## Federal Reserve



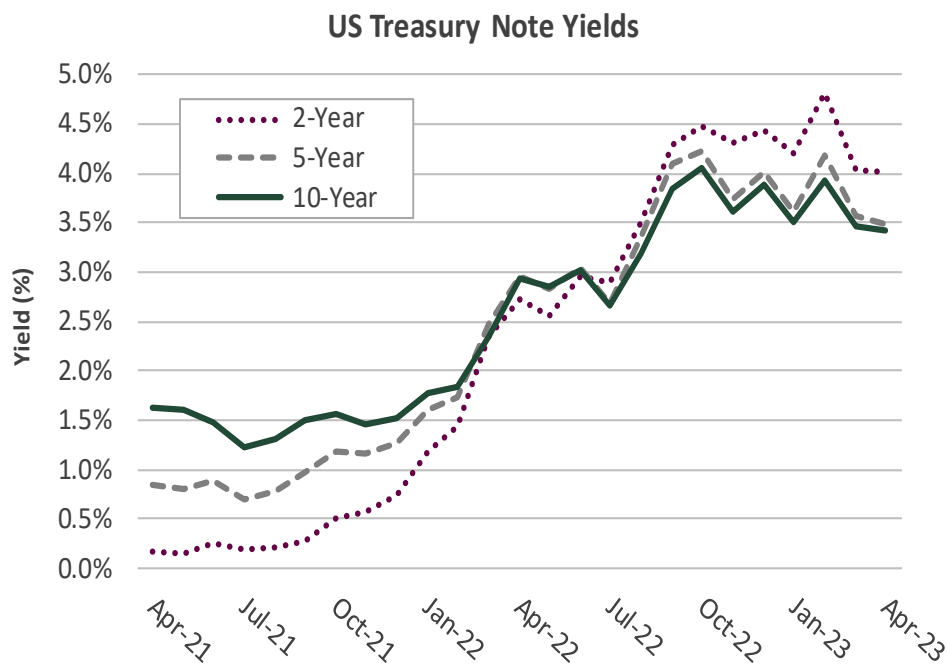
Source: Federal Reserve



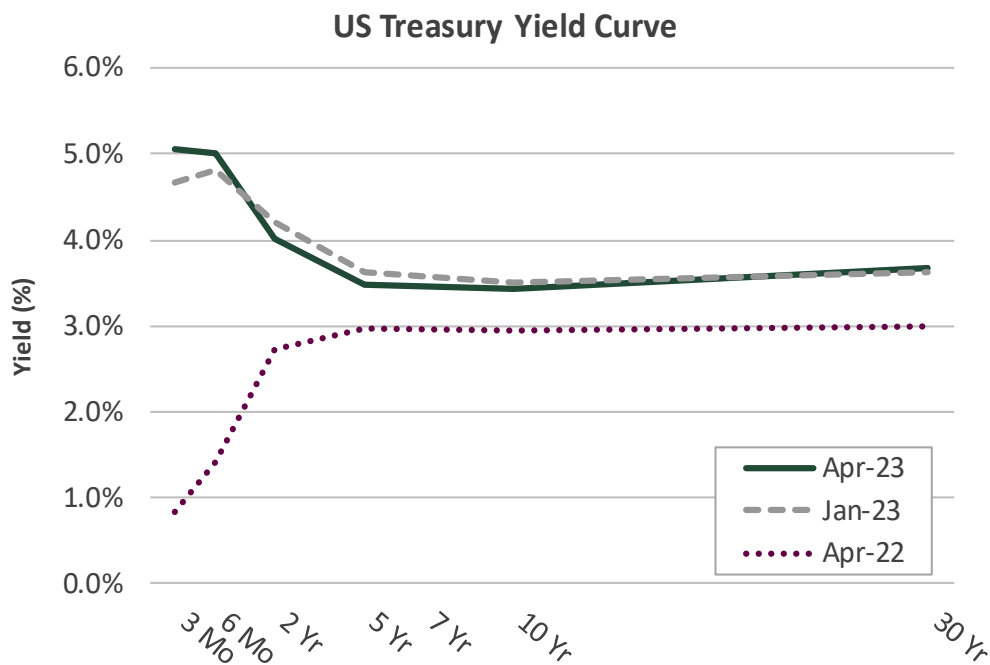
Source: Bloomberg

As expected at the May meeting, the Federal Open Market Committee voted unanimously to raise the target federal funds rate by 0.25% to a range of 5.00 - 5.25%. Notably, the committee omitted a line from its March statement referencing that “some additional policy firming may be appropriate.” Instead, the FOMC will determine “the extent to which additional policy firming may be appropriate,” implying a potential pause that will be data dependent. Fed Chair Powell reiterated the committee’s focus on bringing down inflation to their 2% target and indicated that their outlook did not support rate cuts, contrary to the market consensus. The statement also emphasized that the U.S. banking system is “sound and resilient” and acknowledged the tightening of financial conditions. The March Summary of Economic Projections indicated little change, with the consensus target federal funds rate rising to 5.1% with no rate cuts in 2023, falling to 4.3% in 2024 (up from 4.1% previously), and declining to 3.1% by the end of 2025. Considering the totality of economic data, the Chandler team continues to believe the Fed is likely near a pause in their rate hiking cycle and will maintain higher rates for some time.

# Bond Yields



Source: Bloomberg



Source: Bloomberg

At the end of April, the 2-year Treasury yield was 129 basis points higher, and the 10-Year Treasury yield was about 49 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield widened to -58 basis points at April month-end versus -56 basis points at March month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year Treasuries widened to -163 basis points in April from -128 in March. The shape of the yield curve indicates that the probability of recession is increasing.



## Section 2 | Account Profile

## Objectives

### Investment Objectives

The investment objectives of the District, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

### Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

### Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

# Compliance

## Three Valleys Municipal Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
Treasury Issues	No Limitation	Complies
Agency Issues	No Limitation	Complies
Municipal Securities/ Local Agency Bonds	Bonds issued by TVMWD; Issued by local agency within the state of California, including pooled investment accounts sponsored by the state of California, County Treasurers, or Joint Power Agencies	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% max per issuer	Complies
Banker's Acceptances	"A" rated or higher by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1" rated or equivalent by a NRSRO; "A" rated issuer or equivalent by a NRSRO; 25% maximum; 5% max per issuer; 270 days max maturity; Issuer must be organized and operating within the US, have AUM >\$500 mil	Complies
Corporate Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S.	Complies
Negotiable Certificates of Deposit	30% maximum; 5% max per issuer	Complies
Certificates of Deposits/Time Deposit	Collateralized/ FDIC insured	Complies
Money Market Mutual Funds	"AAA" rated by 2 NRSROs; 20% maximum; 10% per fund	Complies
Mortgage Pass-throughs, CMOs and Asset Backed Securities	"AA" rated or higher by a NRSRO; 20% maximum; 5% max per issuer	Complies
Local Agency Investment Fund - LAIF	Max program limitation	Complies
Repurchase Agreements	102% Collateralized; 1year max maturity	Complies
Reverse Repurchase Agreements	20% maximum; 92 days max maturity	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Max Per Issuer	5% of portfolio per issuer (except U.S. Government, Agencies/GSEs, Supranationals, Money Market Mutual Funds, LAIF, LGIP)	Complies
Maximum maturity	5 years	Complies

## Portfolio Characteristics

### Three Valleys Municipal Water District

	04/30/23		01/31/23
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.62	2.61	2.80
Average Modified Duration	2.49	2.33	2.50
Average Purchase Yield	n/a	1.89%	1.88%
Average Market Yield	4.01%	4.28%	4.23%
Average Quality**	AAA	AA/Aa1	AA/Aa1
Total Market Value		4,456,725	4,408,645

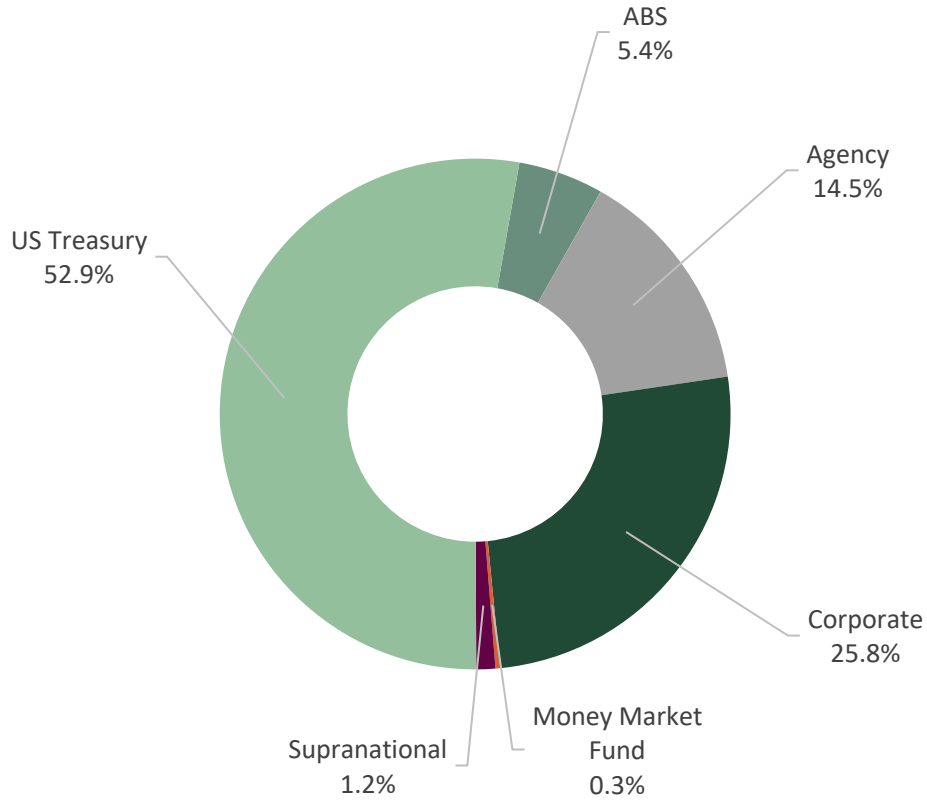
\*ICE BofA 1-5 Yr US Treasury & Agency Index

\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

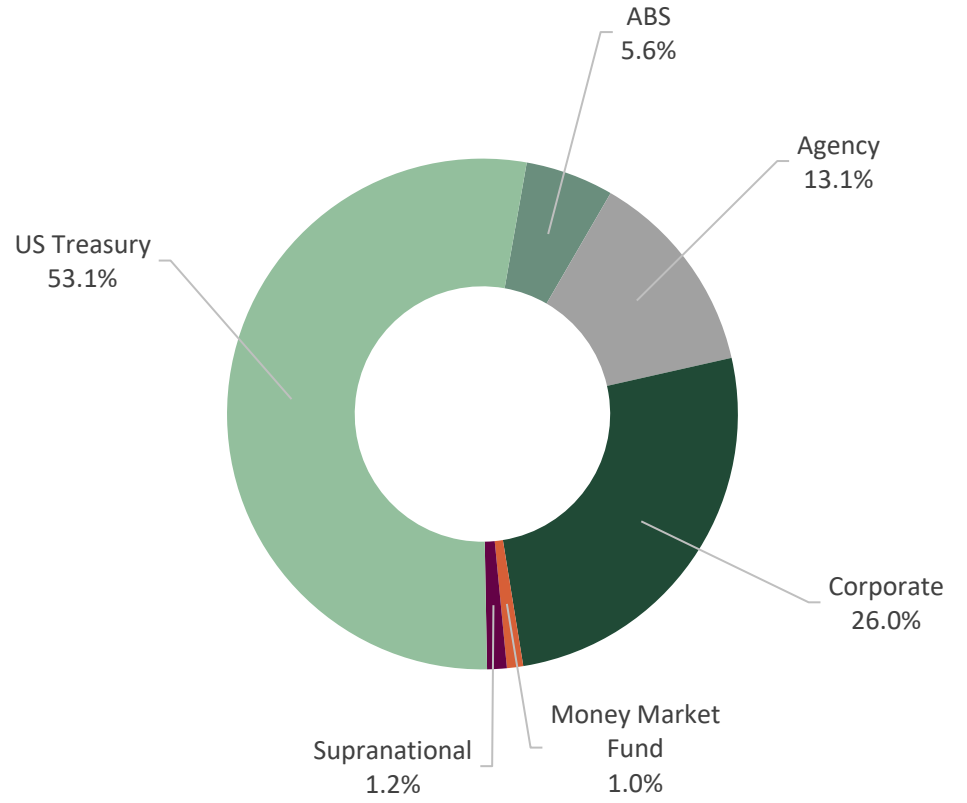
# Sector Distribution

## Three Valleys Municipal Water District

April 30, 2023



January 31, 2023



## Issuers

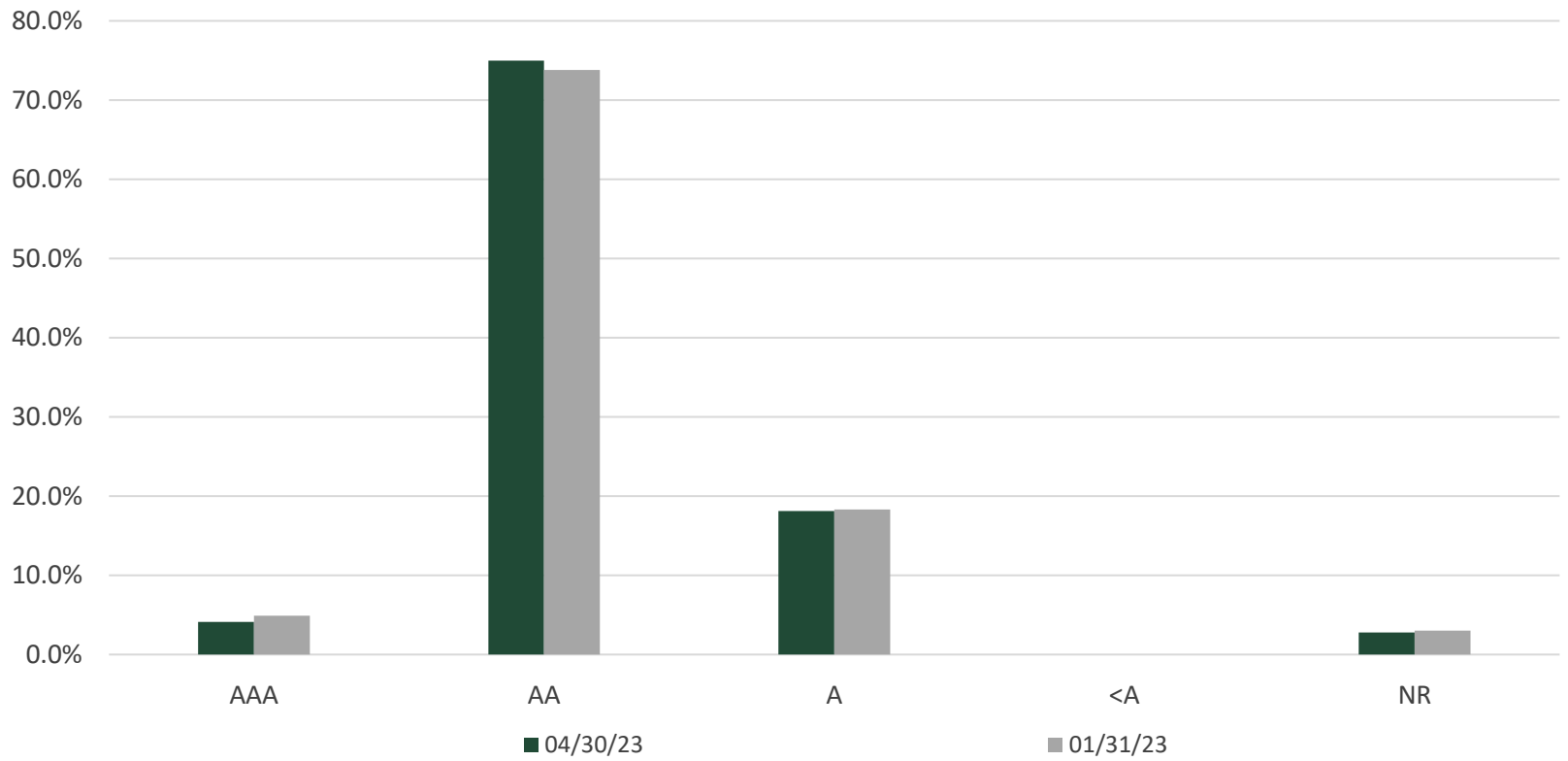
## Three Valleys Municipal Water District – Account #10065

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	52.90%
Federal Home Loan Bank	Agency	5.87%
Federal National Mortgage Association	Agency	4.68%
Federal Home Loan Mortgage Corp	Agency	2.78%
Deere & Company	Corporate	2.38%
John Deere ABS	ABS	2.11%
Bank of America Corp	Corporate	1.95%
Berkshire Hathaway	Corporate	1.93%
State Street Bank	Corporate	1.91%
JP Morgan Chase & Co	Corporate	1.90%
BlackRock Inc/New York	Corporate	1.86%
United Health Group Inc	Corporate	1.86%
Bank of New York	Corporate	1.85%
Toyota Motor Corp	Corporate	1.84%
Amazon.com Inc	Corporate	1.71%
Apple Inc	Corporate	1.59%
Paccar Financial	Corporate	1.57%
Northern Trust Corp	Corporate	1.57%
Inter-American Dev Bank	Supranational	1.24%
Federal Farm Credit Bank	Agency	1.12%
Toyota ABS	ABS	0.92%
Honda ABS	ABS	0.86%
Morgan Stanley	Corporate	0.68%
GM Financial Automobile Leasing Trust	ABS	0.66%
Wal-Mart Stores	Corporate	0.54%
BMW Vehicle Lease Trust	ABS	0.54%
Target Corp	Corporate	0.53%
First American Govt Oblig Fund	Money Market Fund	0.28%
Mercedes-Benz Auto Lease Trust	ABS	0.28%
Salesforce.com Inc	Corporate	0.11%
<b>TOTAL</b>		<b>100.00%</b>



# Quality Distribution

### Three Valleys Municipal Water District April 30, 2023 vs. January 31, 2023



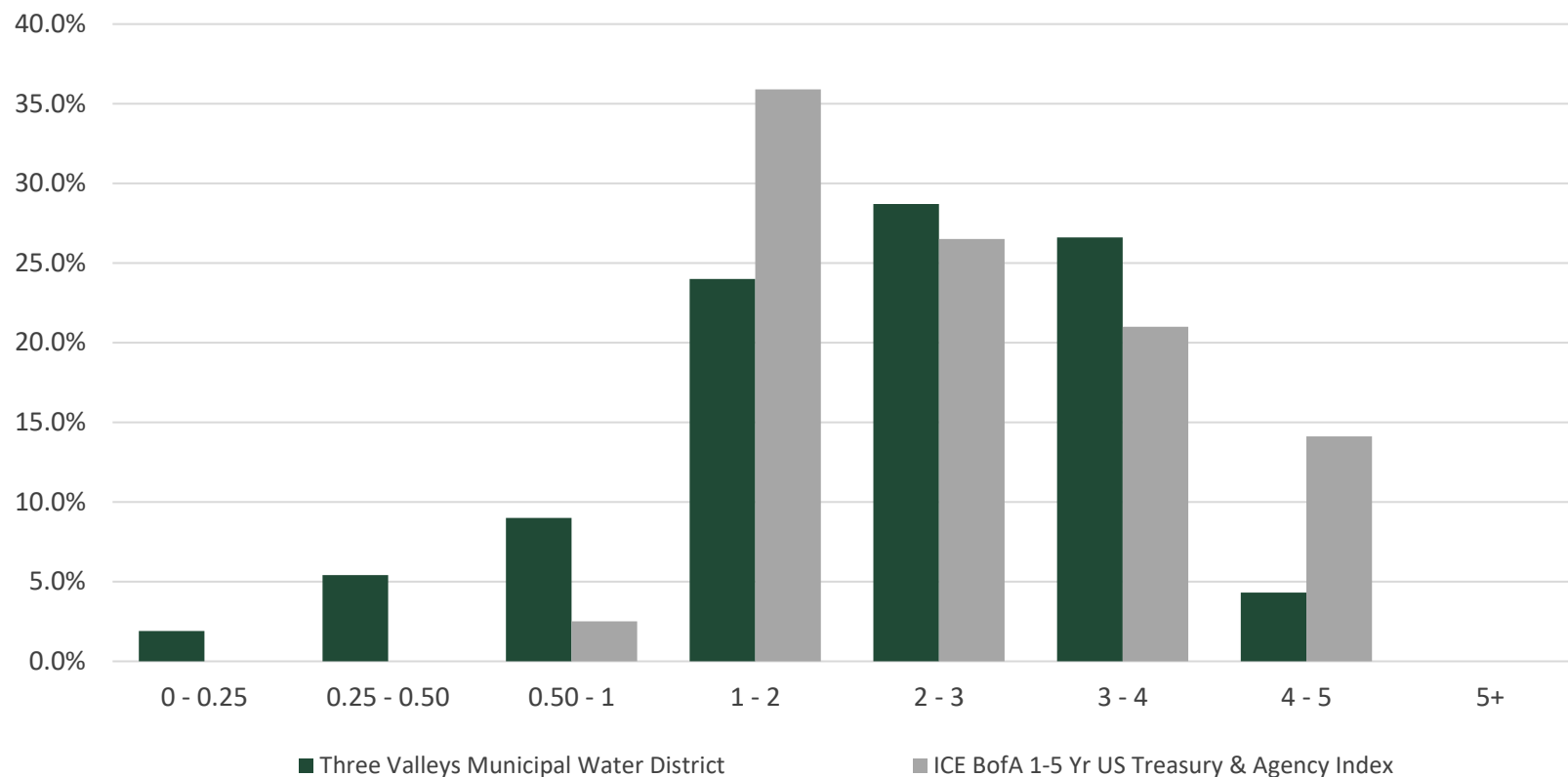
	AAA	AA	A	<A	NR
04/30/23	4.1%	75.0%	18.1%	0.0%	2.8%
01/31/23	4.9%	73.8%	18.3%	0.0%	3.0%

Source: S&P Ratings



# Duration Distribution

**Three Valleys Municipal Water District  
Portfolio Compared to the Benchmark**



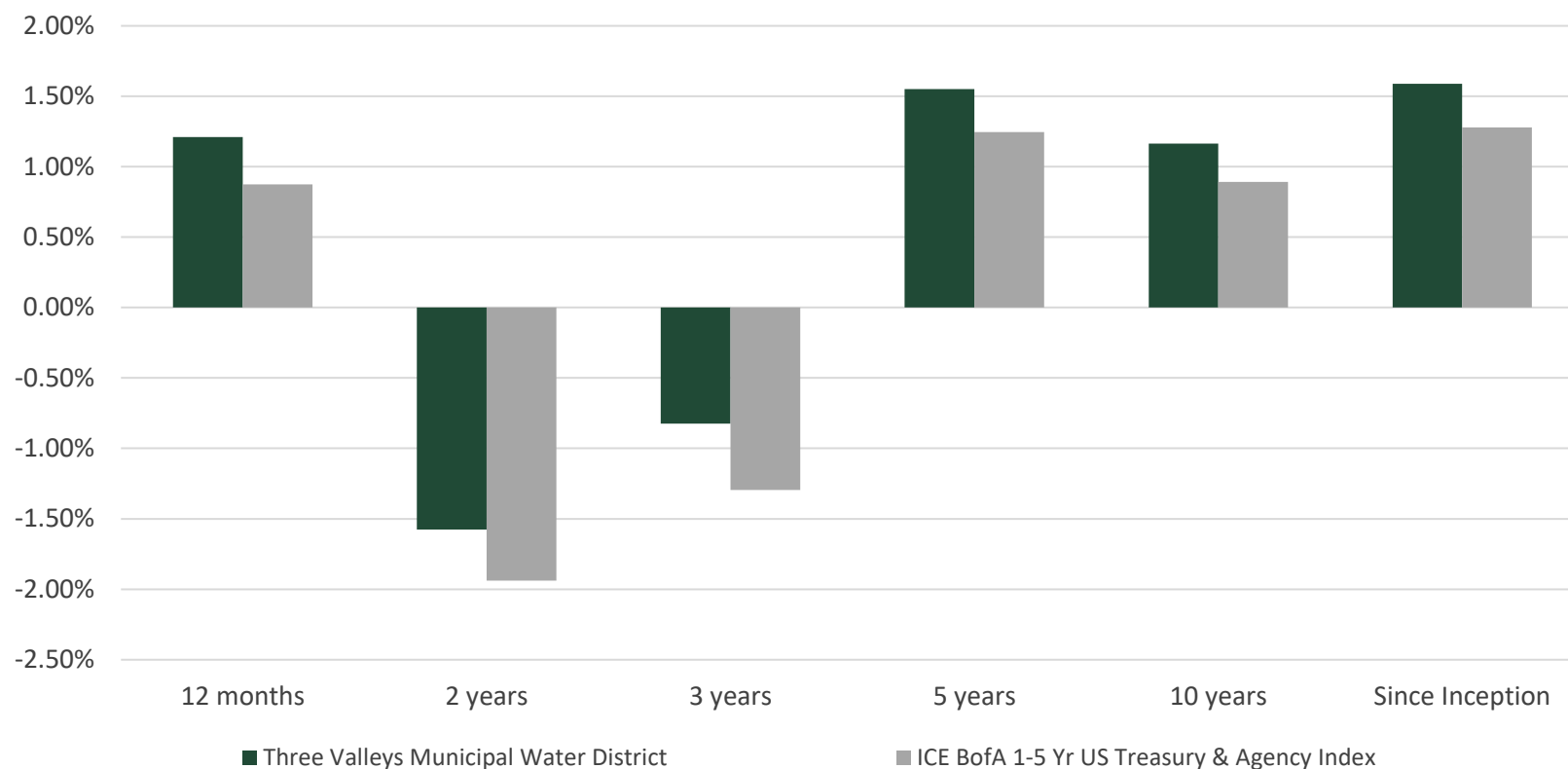
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	1.9%	5.4%	9.0%	24.0%	28.7%	26.6%	4.3%	0.0%
Benchmark*	0.0%	0.0%	2.5%	35.9%	26.5%	21.0%	14.1%	0.0%

\*ICE BofA 1-5 Yr US Treasury & Agency Index



# Investment Performance

**Three Valleys Municipal Water District**  
**Total Rate of Return Annualized Since Inception April 30, 2009**



<b>TOTAL RATE OF RETURN</b>	<i>Annualized</i>						
	<b>3 months</b>	<b>12 months</b>	<b>2 years</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>	<b>Since Inception</b>
Three Valleys Municipal Water District	1.12%	1.21%	-1.58%	-0.82%	1.55%	1.16%	1.59%
ICE BofA 1-5 Yr US Treasury & Agency Index	1.18%	0.87%	-1.94%	-1.30%	1.25%	0.89%	1.28%

Total rate of return: A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Section 3 | Portfolio Holdings

## Holdings Report

## Three Valleys Municipal Water District - Account #10065

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
58769KAD6	Mercedes-Benz Auto Lease Trust 2021-B A3 0.400% Due 11/15/2024	12,557.34	06/22/2021 0.40%	12,556.39 12,557.08	98.03 5.62%	12,310.07 2.23	0.28% (247.01)	NR / AAA AAA	1.55 0.37
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.330% Due 12/26/2024	9,340.61	09/08/2021 0.34%	9,339.64 9,340.33	98.22 5.84%	9,174.26 0.51	0.21% (166.07)	Aaa / NR AAA	1.66 0.32
05601XAC3	BMW Vehicle Lease Trust 2022-1 A3 1.100% Due 03/25/2025	14,998.67	01/11/2022 1.11%	14,996.43 14,997.74	97.83 5.77%	14,672.90 2.75	0.33% (324.84)	NR / AAA AAA	1.90 0.46
89240BAC2	Toyota Auto Receivables Owners 2021-A A3 0.260% Due 05/15/2025	7,384.65	02/02/2021 0.27%	7,383.28 7,384.26	97.56 5.54%	7,204.37 0.85	0.16% (179.89)	Aaa / NR AAA	2.04 0.46
36266FAC3	GM Financial Auto Lease Trust 2022-2 A3 3.420% Due 06/20/2025	30,000.00	05/03/2022 3.45%	29,996.87 29,998.26	98.18 5.46%	29,453.28 31.35	0.66% (544.98)	NR / AAA AAA	2.14 0.91
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.880% Due 01/21/2026	15,000.00	11/16/2021 0.89%	14,996.84 14,998.23	95.51 5.58%	14,326.70 3.67	0.32% (671.53)	Aaa / NR AAA	2.73 0.96
47789QAC4	John Deere Owner Trust 2021-B A3 0.520% Due 03/16/2026	15,000.00	07/13/2021 0.52%	14,998.66 14,999.31	95.90 5.62%	14,384.64 3.47	0.32% (614.67)	Aaa / NR AAA	2.88 0.80
89238JAC9	Toyota Auto Receivables Trust 2021-D A3 0.710% Due 04/15/2026	15,000.00	11/09/2021 0.71%	14,999.68 14,999.82	95.37 5.69%	14,305.32 4.73	0.32% (694.50)	NR / AAA AAA	2.96 0.93
43815BAC4	Honda Auto Receivables Trust 2022-1 A3 1.880% Due 05/15/2026	25,000.00	02/15/2022 1.89%	24,996.24 24,997.62	95.97 5.05%	23,992.28 20.89	0.54% (1,005.34)	Aaa / AAA NR	3.04 1.29
89238FAD5	Toyota Auto Receivables OT 2022-B A3 2.930% Due 09/15/2026	20,000.00	04/07/2022 2.95%	19,999.53 19,999.68	97.11 5.33%	19,422.28 26.04	0.44% (577.40)	Aaa / AAA NR	3.38 1.22
47787JAC2	John Deere Owner Trust 2022-A A3 2.320% Due 09/16/2026	15,000.00	03/10/2022 2.34%	14,996.68 14,997.75	96.33 5.41%	14,450.18 15.47	0.32% (547.57)	Aaa / NR AAA	3.38 1.20
47800AAC4	John Deere Owner Trust 2022-B A3 3.740% Due 02/16/2027	25,000.00	07/12/2022 3.77%	24,997.61 24,998.13	98.03 4.96%	24,506.50 41.56	0.55% (491.63)	Aaa / NR AAA	3.80 1.66
47800BAC2	John Deere Owner Trust 2022-C A3 5.090% Due 06/15/2027	40,000.00	10/12/2022 5.15%	39,996.90 39,997.35	100.87 4.67%	40,346.64 90.49	0.91% 349.29	Aaa / NR AAA	4.13 1.83
<b>TOTAL ABS</b>		<b>244,281.27</b>	<b>2.47%</b>	<b>244,254.75</b> <b>244,265.56</b>	<b>5.29%</b>	<b>238,549.42</b> <b>244.01</b>	<b>5.36%</b> <b>(5,716.14)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.98</b> <b>1.13</b>
<b>Agency</b>									
313383YJ4	FHLB Note 3.375% Due 09/08/2023	100,000.00	02/26/2019 2.57%	103,413.00 100,268.25	99.44 4.95%	99,441.60 496.88	2.24% (826.65)	Aaa / AA+ NR	0.36 0.35
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	30,000.00	10/22/2020 0.26%	29,875.50 29,980.78	97.76 5.10%	29,327.04 1.56	0.66% (653.74)	Aaa / AA+ AAA	0.46 0.45

## Holdings Report

## Three Valleys Municipal Water District - Account #10065

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3133EDBU5	FFCB Note 3.500% Due 12/20/2023	50,000.00	01/16/2019 2.74%	51,743.00 50,225.87	98.98 5.13%	49,490.90 636.81	1.12% (734.97)	Aaa / AA+ AAA	0.64 0.61
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	100,000.00	06/18/2019 1.96%	104,323.00 100,972.79	98.04 4.69%	98,035.90 1,094.10	2.22% (2,936.89)	Aaa / AA+ NR	1.13 1.08
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	22,000.00	03/24/2020 0.95%	22,571.34 22,209.01	95.36 4.23%	20,978.56 72.42	0.47% (1,230.45)	Aaa / AA+ AAA	1.79 1.72
3135G03U5	FNMA Note 0.625% Due 04/22/2025	100,000.00	04/27/2020 0.67%	99,768.00 99,907.96	93.30 4.19%	93,295.30 15.63	2.09% (6,612.66)	Aaa / AA+ AAA	1.98 1.93
3137EAEU9	FHLMC Note 0.375% Due 07/21/2025	20,000.00	07/21/2020 0.48%	19,900.40 19,955.66	92.21 4.07%	18,441.72 20.83	0.41% (1,513.94)	Aaa / AA+ AAA	2.23 2.17
3135G05X7	FNMA Note 0.375% Due 08/25/2025	60,000.00	08/25/2020 0.47%	59,719.20 59,869.61	91.95 4.05%	55,169.10 41.25	1.24% (4,700.51)	Aaa / AA+ AAA	2.32 2.26
3137EAEX3	FHLMC Note 0.375% Due 09/23/2025	60,000.00	09/23/2020 0.44%	59,819.40 59,913.26	91.69 4.05%	55,014.66 23.75	1.23% (4,898.60)	Aaa / AA+ AAA	2.40 2.34
3135G06G3	FNMA Note 0.500% Due 11/07/2025	65,000.00	11/09/2020 0.57%	64,767.30 64,882.31	91.86 3.93%	59,705.75 157.08	1.34% (5,176.56)	Aaa / AA+ AAA	2.53 2.45
3130ATS57	FHLB Note 4.500% Due 03/10/2028	60,000.00	04/06/2023 3.51%	62,670.00 62,638.78	103.77 3.65%	62,261.82 382.50	1.41% (376.96)	Aaa / AA+ AAA	4.87 4.33
<b>TOTAL Agency</b>		<b>667,000.00</b>	<b>1.51%</b>	<b>678,570.14</b> <b>670,824.28</b>	<b>4.40%</b>	<b>641,162.35</b> <b>2,942.81</b>	<b>14.45%</b> <b>(29,661.93)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>1.82</b> <b>1.73</b>
<b>Corporate</b>									
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	70,000.00	11/29/2018 3.49%	66,895.50 69,996.16	99.96 6.76%	69,974.10 830.67	1.59% (22.06)	Aaa / AA+ NR	0.01 0.01
69371RP59	Paccar Financial Corp Note 3.400% Due 08/09/2023	70,000.00	09/10/2018 3.37%	70,099.40 70,005.55	99.43 5.47%	69,599.39 542.11	1.57% (406.16)	A1 / A+ NR	0.28 0.27
24422EVN6	John Deere Capital Corp Note 0.450% Due 01/17/2024	25,000.00	03/01/2021 0.47%	24,982.25 24,995.58	96.77 5.11%	24,193.20 32.50	0.54% (802.38)	A2 / A A+	0.72 0.69
023135BW5	Amazon.com Inc Note 0.450% Due 05/12/2024	25,000.00	05/10/2021 0.50%	24,963.50 24,987.44	95.64 4.82%	23,910.93 52.81	0.54% (1,076.51)	A1 / AA AA-	1.04 1.01
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 07/15/2024	5,000.00	06/29/2021 0.64%	4,997.45 4,998.98	95.37 4.61%	4,768.46 9.20	0.11% (230.52)	A2 / A+ NR	1.21 1.18
06051GHR3	Bank of America Corp Callable Note 1X 3/15/2024 3.458% Due 03/15/2025	55,000.00	05/19/2021 0.75%	59,143.15 56,284.42	98.00 5.82%	53,902.53 243.02	1.21% (2,381.89)	A2 / A- AA-	1.88 0.84

## Holdings Report

## Three Valleys Municipal Water District - Account #10065

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
06406RBC0	Bank of NY Mellon Corp Callable Note Cont 3/25/2025 3.350% Due 04/25/2025	85,000.00	04/21/2022 3.35%	85,000.00 85,000.00	96.97 4.97%	82,426.20 47.46	1.85% (2,573.80)	A1 / A AA-	1.99 1.89
931142EW9	Wal-Mart Stores Note 3.900% Due 09/09/2025	15,000.00	09/06/2022 3.92%	14,989.50 14,991.74	99.41 4.16%	14,911.04 84.50	0.34% (80.70)	Aa2 / AA AA	2.36 2.22
06051GJG5	Bank of America Corp Callable Note Cont 9/25/2024 0.981% Due 09/25/2025	35,000.00	03/16/2022 3.82%	33,246.85 33,803.99	93.47 5.87%	32,713.31 34.34	0.73% (1,090.68)	A2 / A- AA-	2.41 2.22
857477BR3	State Street Bank Callable Note Cont 2/6/2025 1.746% Due 02/06/2026	90,000.00	Various 3.85%	86,597.25 87,510.06	94.15 5.26%	84,733.02 371.03	1.91% (2,777.04)	A1 / A AA-	2.78 1.70
46647PBK1	JP Morgan Chase & Co Callable Note Cont 4/22/2025 2.083% Due 04/22/2026	90,000.00	03/22/2022 4.11%	86,833.80 87,690.16	94.22 5.20%	84,797.37 46.87	1.90% (2,892.79)	A1 / A- AA-	2.98 1.90
023135BX3	Amazon.com Inc Callable Note Cont 4/12/2026 1.000% Due 05/12/2026	25,000.00	05/26/2021 0.97%	25,040.25 25,024.35	91.25 4.10%	22,811.45 117.36	0.51% (2,212.90)	A1 / AA AA-	3.04 2.92
91324PEC2	United Health Group Inc Callable Note Cont 4/15/2026 1.150% Due 05/15/2026	90,000.00	Various 3.13%	83,257.50 84,942.16	91.61 4.11%	82,449.54 477.24	1.86% (2,492.62)	A3 / A+ A	3.04 2.92
89236TJK2	Toyota Motor Credit Corp Note 1.125% Due 06/18/2026	90,000.00	Various 2.26%	85,879.40 86,954.57	90.71 4.33%	81,642.24 374.06	1.84% (5,312.33)	A1 / A+ A+	3.14 3.01
61747YET8	Morgan Stanley Callable Note Cont 7/17/2025 4.679% Due 07/17/2026	30,000.00	07/18/2022 4.68%	30,000.00 30,000.00	99.17 5.07%	29,752.47 405.51	0.68% (247.53)	A1 / A- A+	3.22 2.05
931142ERO	Wal-Mart Stores Callable Note Cont 08/17/2026 1.050% Due 09/17/2026	10,000.00	09/08/2021 1.09%	9,981.10 9,987.22	90.58 4.06%	9,058.26 12.83	0.20% (928.96)	Aa2 / AA AA	3.39 3.26
24422E VW6	John Deere Capital Corp Note 1.300% Due 10/13/2026	90,000.00	04/21/2022 3.31%	82,534.50 84,231.62	90.63 4.24%	81,571.32 58.50	1.83% (2,660.30)	A2 / A A+	3.46 3.31
87612EBM7	Target Corp Callable Note Cont 12/15/2026 1.950% Due 01/15/2027	25,000.00	01/19/2022 1.99%	24,957.50 24,968.31	93.03 3.99%	23,257.00 143.54	0.53% (1,711.31)	A2 / A A	3.72 3.50
084664CZ2	Berkshire Hathaway Callable Note Cont 2/15/2027 2.300% Due 03/15/2027	90,000.00	Various 2.70%	88,360.10 88,701.11	95.38 3.59%	85,840.47 264.50	1.93% (2,860.64)	Aa2 / AA A+	3.88 3.65
09247XAN1	Blackrock Inc Note 3.200% Due 03/15/2027	85,000.00	04/25/2022 3.41%	84,219.70 84,381.19	97.26 3.97%	82,673.89 347.56	1.86% (1,707.30)	Aa3 / AA- NR	3.88 3.59
023135CF1	Amazon.com Inc Callable Note Cont 3/13/2027 3.300% Due 04/13/2027	30,000.00	04/11/2022 3.35%	29,938.20 29,951.16	97.20 4.07%	29,161.38 49.50	0.66% (789.78)	A1 / AA AA-	3.96 3.65

## Holdings Report

## Three Valleys Municipal Water District - Account #10065

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
665859AW4	Northern Trust Company Callable Note Cont 4/10/2027 4.000% Due 05/10/2027	70,000.00	09/28/2022 4.70%	67,975.60 68,231.81	98.20 4.49%	68,741.54 1,330.00	1.57% 509.73	A2 / A+ A+	4.03 3.61
<b>TOTAL Corporate</b>		<b>1,200,000.00</b>	<b>3.09%</b>	<b>1,169,892.50</b> <b>1,177,637.58</b>	<b>4.77%</b>	<b>1,142,889.11</b> <b>5,875.11</b>	<b>25.78%</b> <b>(34,748.47)</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.67</b> <b>2.31</b>
<b>Money Market Fund</b>									
31846V203	First American Govt Obligation Fund Class Y	12,590.54	Various 4.42%	12,590.54 12,590.54	1.00 4.42%	12,590.54 0.00	0.28% 0.00	Aaa / AAA AAA	0.00 0.00
<b>TOTAL Money Market Fund</b>		<b>12,590.54</b>	<b>4.42%</b>	<b>12,590.54</b>	<b>4.42%</b>	<b>0.00</b>	<b>0.00</b>	<b>AAA</b>	<b>0.00</b>
<b>Supranational</b>									
4581X0DV7	Inter-American Dev Bank Note 0.875% Due 04/20/2026	60,000.00	04/13/2021 0.97%	59,725.20 59,836.72	91.73 3.85%	55,038.18 16.04	1.24% (4,798.54)	Aaa / AAA AAA	2.98 2.88
<b>TOTAL Supranational</b>		<b>60,000.00</b>	<b>0.97%</b>	<b>59,725.20</b> <b>59,836.72</b>	<b>3.85%</b>	<b>55,038.18</b> <b>16.04</b>	<b>1.24%</b> <b>(4,798.54)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.98</b> <b>2.88</b>
<b>US Treasury</b>									
9128285P1	US Treasury Note 2.875% Due 11/30/2023	80,000.00	03/30/2021 0.26%	85,546.88 81,213.02	98.87 4.85%	79,096.88 960.44	1.80% (2,116.14)	Aaa / AA+ AAA	0.59 0.56
91282CBR1	US Treasury Note 0.250% Due 03/15/2024	125,000.00	09/23/2021 0.39%	124,580.08 124,851.66	96.10 4.86%	120,122.13 39.91	2.70% (4,729.53)	Aaa / AA+ AAA	0.88 0.85
91282CCT6	US Treasury Note 0.375% Due 08/15/2024	125,000.00	08/25/2021 0.46%	124,687.50 124,864.06	94.81 4.55%	118,510.75 97.12	2.66% (6,353.31)	Aaa / AA+ AAA	1.30 1.26
91282CDN8	US Treasury Note 1.000% Due 12/15/2024	100,000.00	12/22/2021 0.94%	100,167.97 100,091.70	94.88 4.29%	94,882.80 376.37	2.14% (5,208.90)	Aaa / AA+ AAA	1.63 1.58
912828ZF0	US Treasury Note 0.500% Due 03/31/2025	100,000.00	Various 0.59%	99,630.47 99,822.46	93.48 4.07%	93,480.50 42.35	2.10% (6,341.96)	Aaa / AA+ AAA	1.92 1.87
912828XB1	US Treasury Note 2.125% Due 05/15/2025	150,000.00	Various 1.17%	155,085.94 152,867.81	96.23 4.07%	144,351.60 1,470.48	3.27% (8,516.21)	Aaa / AA+ AAA	2.04 1.95
9128284Z0	US Treasury Note 2.750% Due 08/31/2025	150,000.00	Various 1.31%	158,617.19 154,906.42	97.42 3.92%	146,132.85 694.97	3.29% (8,773.57)	Aaa / AA+ AAA	2.34 2.22
9128285C0	US Treasury Note 3.000% Due 09/30/2025	150,000.00	Various 1.45%	158,929.68 155,429.31	97.93 3.91%	146,888.70 381.15	3.30% (8,540.61)	Aaa / AA+ AAA	2.42 2.30



## Holdings Report

## Three Valleys Municipal Water District - Account #10065

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CAZ4	US Treasury Note 0.375% Due 11/30/2025	100,000.00	Various 0.70%	98,518.75 99,176.28	91.58 3.83%	91,578.11 156.60	2.06% (7,598.17)	Aaa / AA+ AAA	2.59 2.52
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	85,000.00	Various 0.65%	83,906.44 84,387.37	91.51 3.75%	77,784.95 106.54	1.75% (6,602.42)	Aaa / AA+ AAA	2.67 2.60
91282CBH3	US Treasury Note 0.375% Due 01/31/2026	100,000.00	Various 0.78%	98,076.64 98,903.92	91.15 3.79%	91,152.30 93.23	2.05% (7,751.62)	Aaa / AA+ AAA	2.76 2.69
91282CBQ3	US Treasury Note 0.500% Due 02/28/2026	100,000.00	Various 0.82%	98,480.86 99,124.12	91.29 3.77%	91,289.11 84.24	2.05% (7,835.01)	Aaa / AA+ AAA	2.84 2.76
91282CBT7	US Treasury Note 0.750% Due 03/31/2026	100,000.00	Various 0.85%	99,523.24 99,717.20	91.91 3.70%	91,914.11 63.53	2.06% (7,803.09)	Aaa / AA+ AAA	2.92 2.84
91282CCF6	US Treasury Note 0.750% Due 05/31/2026	125,000.00	08/25/2021 0.80%	124,702.15 124,807.14	91.40 3.73%	114,252.88 391.48	2.57% (10,554.26)	Aaa / AA+ AAA	3.09 2.99
91282CCP4	US Treasury Note 0.625% Due 07/31/2026	125,000.00	08/25/2021 0.82%	123,813.48 124,217.56	90.70 3.69%	113,369.13 194.23	2.55% (10,848.43)	Aaa / AA+ AAA	3.25 3.16
9128282A7	US Treasury Note 1.500% Due 08/15/2026	125,000.00	09/16/2021 0.82%	129,057.62 127,720.17	93.27 3.69%	116,586.88 388.47	2.62% (11,133.29)	Aaa / AA+ AAA	3.30 3.16
91282CDG3	US Treasury Note 1.125% Due 10/31/2026	150,000.00	Various 1.84%	145,220.70 146,391.97	91.72 3.67%	137,578.20 4.59	3.09% (8,813.77)	Aaa / AA+ AAA	3.51 3.38
91282CEF4	US Treasury Note 2.500% Due 03/31/2027	90,000.00	05/25/2022 2.73%	89,050.78 89,233.12	95.96 3.61%	86,364.81 190.57	1.94% (2,868.31)	Aaa / AA+ AAA	3.92 3.68
91282CET4	US Treasury Note 2.625% Due 05/31/2027	150,000.00	06/21/2022 3.38%	144,855.47 145,748.06	96.33 3.60%	144,492.15 1,644.23	3.28% (1,255.91)	Aaa / AA+ AAA	4.09 3.78
91282CFB2	US Treasury Note 2.750% Due 07/31/2027	125,000.00	08/30/2022 3.30%	121,923.83 122,340.27	96.75 3.58%	120,932.63 854.63	2.73% (1,407.64)	Aaa / AA+ AAA	4.25 3.94
91282CGC9	US Treasury Note 3.875% Due 12/31/2027	125,000.00	01/30/2023 3.69%	126,049.80 125,997.16	101.44 3.54%	126,801.75 1,619.04	2.88% 804.59	Aaa / AA+ AAA	4.67 4.19
<b>TOTAL US Treasury</b>		<b>2,480,000.00</b>	<b>1.38%</b>	<b>2,490,425.47</b> <b>2,481,810.78</b>	<b>3.91%</b>	<b>2,347,563.22</b> <b>9,854.17</b>	<b>52.90%</b> <b>(134,247.56)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.76</b> <b>2.63</b>
<b>TOTAL PORTFOLIO</b>		<b>4,663,871.81</b>	<b>1.89%</b>	<b>4,655,458.60</b> <b>4,646,965.46</b>	<b>4.28%</b>	<b>4,437,792.82</b> <b>18,932.14</b>	<b>100.00%</b> <b>(209,172.64)</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.61</b> <b>2.33</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>4,456,724.96</b>			

## Section 4 | Transactions

# Transaction Ledger

## Three Valleys Municipal Water District - Account #10065

January 31, 2023 through April 30, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	04/10/2023	3130ATS57	60,000.00	FHLB Note 4.5% Due: 03/10/2028	104.450	3.51%	62,670.00	225.00	62,895.00	0.00
<b>Subtotal</b>			<b>60,000.00</b>				<b>62,670.00</b>	<b>225.00</b>	<b>62,895.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>60,000.00</b>				<b>62,670.00</b>	<b>225.00</b>	<b>62,895.00</b>	<b>0.00</b>



## Important Disclosures

2023 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits use of the ICE indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use it at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend chandler asset management, or any of its products or services.

This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.




## Benchmark Disclosures

### **ICE BofA 1-5 Yr US Treasury & Agency Index**

*The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.*



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** **Public Meeting Regarding the Imposition of a Water Standby Charge for FY 2023-24**

---

**Funds Budgeted:** \$

**Fiscal Impact:** \$

### **Staff Recommendation**

**The Board will conduct a public meeting regarding the imposition of a water standby charge for FY 2023-24.**

### **Discussion**

TVMWD is to convene a public meeting regarding the imposition of a water standby charge prior to conducting a public hearing on possible adoption of the water standby charge scheduled for June 21, 2023. This public meeting required proper notice, which was done in the Inland Valley Daily Bulletin and the San Gabriel Valley Tribune on April 26, May 3, and 10, 2023.

Attached is the draft resolution that will be considered for approval at the Board meeting on June 21, 2023. The rate and methodology for the standby charge are described in the draft Engineer's Report, which is "Attachment A" of the resolution.

### **Strategic Plan Objective(s)**

3.3 – Be accountable and transparent with major decisions

### **Attachment(s)**

Exhibit A – Resolution No. 23-06-DRAFT Adopting Procedures to Fix, Adjust, Levy, and Collect a Water Standby Charge

**Meeting History**

Board of Director's Meeting – March 1, 2023, Information Item Only

Board of Director's Meeting – April 5, 2023, Information Item Only

Board of Director's Meeting – April 19, 2023, FY 2023-24 Budget Adoption and Board Approval of Resolution No. 23-04-960 Initiating Procedures to Fix, Adjust, Levy and Collect a Water Standby Charge

NA/LC

**RESOLUTION NO. 23-06-DRAFT**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT  
ADOPTING PROCEDURES TO FIX, ADJUST, LEVY, AND COLLECT  
A WATER STANDBY CHARGE**

**WHEREAS**, the Three Valleys Municipal Water District (“the District”) is a municipal water district organized and operating pursuant to Water Code Section 71000 et seq.

**WHEREAS**, under the Uniform Standby Charges Procedures Act, Government Code Section 54984 et seq. (“the Act”), the District is authorized to fix before August 10 of any given year a water standby charge on land within its jurisdiction to which water service is made available for any purpose by the District, whether the water services are actually used or not.

**WHEREAS**, under the Act the Board may establish schedules varying the charge according to land uses, benefit derived or to be derived from the use, availability of facilities to provide water service, the degree of availability or quantity of the use of the water to the affected lands, and may restrict the assessment to one or more improvement districts or zones of benefit established within the jurisdiction of the District, and may impose the charge on an area, frontage, or parcel basis, or a combination thereof.

**WHEREAS**, on July 10, 1996, the District’s Board of Directors adopted Resolution No. 7-96-361 which established a standby charge under the Act that was designed to fund the Readiness-to-Serve (“RTS”) charge imposed upon the District by the Metropolitan Water District of Southern California (“MWD”) and related administrative costs incurred by the District in connection therewith.

**WHEREAS**, Resolution No. 7-96-361 expressly provided that the District’s standby charge was based upon the report of a qualified engineer which fixed that amount of the standby charge for the 1996-97 fiscal year at \$5.92 per equivalent dwelling unit (“EDU”) and provided for the adjustment of that standby charge during subsequent fiscal years according to the actual amount by which the RTS charge increased, and subject to a maximum assessment amount of \$29.41 per EDU.

**WHEREAS**, Water Code Section 71639(b) authorizes the District to adjust the amount of its standby charge if the adjustment is made in the same manner as provided for taxes, fees, and charges in Government Code Section 53750(h)(2), which provides that a tax, fee, or charge is not deemed to be increased by an agency action that does either or both of the following: (A) adjusts the amount thereof in accordance with a schedule of adjustments adopted by the agency prior to November 6, 1996; or (B) implements or collects a previously approved tax, fee, or charge, so long as the rate is not increased beyond the level previously approved by the agency, and the methodology previously approved is not revised by the agency.

**WHEREAS**, Water Code Section 71639(c) further authorizes the District to adjust the amount of its standby charge if all of the following conditions are met: (1) the amount of the assessment does not exceed \$29.41 per EDU; (2) the revenue raised by the assessment, including



## Item 8 - Exhibit A

its annual adjustments, is used exclusively to fund the RTS charge, or equivalent charge, imposed upon the District by MWD, and related administrative costs; and (3) The District adjusts its water rates to its retail agencies by an amount necessary to prevent surplus funding of the RTS charge imposed upon the District by MWD.

**WHEREAS**, Water Code Section 71639(c) further provides that in order for the District to fix a standby charge pursuant to the Act, the District's Board of Directors must adopt a resolution to initiate such proceedings, cause notice of intent to adopt the assessment to be published in accordance with Government Code Section 6066 prior to the date set for adoption thereof, and, at the time and place set forth in said notice, conduct a hearing on the assessment and hear and consider any and all objections thereto.

**WHEREAS**, on April 19, 2023, the District's Board of Directors adopted Resolution No. 23-04-960 initiating proceedings to fix, adjust, levy, and collect a water standby charge in accordance with Water Code Section 71639 and scheduling of a public meeting on June 7, 2023, and a public hearing on June 21, 2023.

**WHEREAS**, beginning on April 26, 2023, the District published a joint notice of the public meeting and the public hearing by placing a display advertisement of at least 1/8 page in a newspaper of general circulation within the District at least three times and five days apart.

**WHEREAS**, on June 7, 2023, at 8:00 a.m., at the District offices located at 1021 East Miramar Avenue, Claremont, California, the Board of Directors of the District held a public meeting regarding the imposition of the charge.

**WHEREAS**, beginning on or about June 7, 2023, the District published a Notice of Public Hearing and Intent to Adopt a Water Standby Charge in a newspaper of general circulation within the District once a week for two successive weeks pursuant to Water Code Section 71639(c) and Government Code Section 6066.

**WHEREAS**, on June 21, 2023, at 8:00 a.m., at the District offices located at 1021 East Miramar Avenue, Claremont, California, the Board of Directors of the District held a public hearing to hear and consider any and all objections or protests regarding the imposition of the charge, which hearing was duly conducted in the manner set forth in the Act.

**NOW, THEREFORE**, the Board of Directors of the District does hereby find, resolve, determine, and order as follows:

1. The public interest and necessity requires the Board of Directors of the District to adopt this Resolution hereby fixing, adjusting, levying, and collecting standby charges pursuant to The Act and Water Code Section 71639 in order to meet the RTS financial obligations imposed upon the District by MWD and all administrative costs related thereto.

2. The written protests received by the District's Board of Directors which were not withdrawn at the time of its determination represented less than fifteen percent (15%) of the parcels subject to the charges set forth herein.

3. The standby charge hereby levied by the Board of Directors of the District is based upon the report of a qualified engineer, Harris & Associates, which is attached hereto as

## Item 8 - Exhibit A

Attachment A (“the Engineer’s Report”). The content and findings of the Engineer’s Report are hereby adopted in full by the Board of Directors of the District and are incorporated herein in full by this reference, including, but not limited to, any and all statements and determinations specifically relating to each of the following:

- a. A description of the charge and the method by which it is to be imposed;
- b. A compilation of the amount of the charge for each parcel subject to the charge;
- c. A statement of the methodology and rationale followed in determining the degree of benefit conferred by the service for which the charge is made;
- d. The District’s legal ability to fix and adjust a standby charge, the amount of the charge, and the properties affected thereby;
- e. A description of the lands upon which the charge is to be imposed; and
- f. The amount of the charge for each of the lands so described.

4. All adjustments in the amount of the standby charge set forth in the attached Engineer’s Report are in compliance with the requirements of Water Code Section 71639(b) since the adjustments are made in the same manner as provided for taxes, fees, and charges in Government Code Section 53750(h)(2), which provides that a tax, fee, or charge is not deemed to be increased by an agency action that does either or both of the following: (A) adjusts the amount thereof in accordance with a schedule of adjustments adopted by the agency prior to November 6, 1996; or (B) implements or collects a previously approved tax, fee, or charge, so long as the rate is not increased beyond the level previously approved by the agency, and the methodology previously approved is not revised by the agency.

5. Additionally, all adjustments in the amount of the standby charge set forth in the attached Engineer’s Report are in compliance with the requirements of Water Code Section 71639(c) since (a) the amount of the assessment does not exceed \$29.41 per EDU, (b) the revenue raised by the assessment, including its annual adjustments, is used exclusively to fund the RTS charge, or equivalent charge, imposed upon the District by MWD, and related administrative costs, and (c) the water rates adopted by the District and levied upon its retail agencies have been calculated so as to prevent any surplus funding of the RTS charge imposed upon the District by MWD.

## Item 8 - Exhibit A

6. The District's General Manager is hereby authorized to take any and all actions necessary to carry out the intent of the District's Board of Directors as is stated herein, and to cause the standby charge hereby adopted to be collected at the same time, and in the same manner, as the levying of property taxes by the County of Los Angeles and/or as is otherwise available under the Act and applicable law.

7. If any charge hereby adopted becomes delinquent, the amount of the delinquency, together with any interest and penalties thereon, shall constitute a lien on the affected property upon the filing of a certificate in the Office of the Los Angeles County Recorder, which lien shall have the same force, effect, and priority as a judgment lien.

**ADOPTED** and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors on this 21st day of June 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Jody Roberto  
President, Board of Directors

ATTEST:

---

Carlos Goytia  
Secretary, Board of Directors

SEAL:



# **THREE VALLEYS MUNICIPAL WATER DISTRICT WATER STANDBY CHARGE ASSESSMENT**

**2023/2024 ENGINEER'S ANNUAL LEVY REPORT**

**INTENT MEETING: APRIL 19, 2023**

**PUBLIC HEARING: JUNE 21, 2023**

**March 2023**

*PREPARED BY*



**Harris & Associates**

*101 Progress, Suite 250*

*Irvine, CA 92618*

[www.weareharris.com](http://www.weareharris.com)

# TABLE OF CONTENTS

- Engineer's Certification..... i
- Executive Summary..... 1
- Part I – Description of the Proposed Parcels and Assessment Boundaries..... 2
- Part II – Estimate of Costs..... 3
- Part III – Description of Assessments..... 5
  - A. Legal Requirements ..... 5
  - B. Assessable Parcels..... 6
  - C. Equivalent Dwelling Units ..... 7
  - D. Assessment Rates ..... 10
  - E. Amount of Assessment ..... 12
  - F. Accuracy of Data ..... 12
- Exhibit A – Sample Calculation for Various Land Uses ..... 14
- Exhibit B – Assessment Roll for Fiscal Year 2023/2024 ..... 15



## ENGINEER'S CERTIFICATION

**AGENCY:** THREE VALLEYS MUNICIPAL WATER DISTRICT  
**PROJECT:** WATER STANDBY CHARGE ASSESSMENTS  
**TO:** BOARD OF DIRECTORS of THREE VALLEYS MUNICIPAL WATER DISTRICT

### ENGINEER'S REPORT

Pursuant to the provisions of Section 54984 et seq. of the Government Code of the State of California, being Chapter 12.4, "Uniform Standby Charge Procedures Act" (the "Act"), and in accordance with Resolution No. 7-96-361 of the Board of Directors (the "Board") of the Three Valleys Municipal Water District (the "District"), adopted on July 10, 1996 establishing a Water Standby Charge Assessment, I, Alison Bouley, P.E., duly authorized representative of Harris & Associates Inc., consultant to the District, submit this Engineer's Report for Fiscal Year 2023/2024 consisting of the following parts and exhibits:

#### Part I

A description of each parcel of property and the boundaries of the area proposed to be subject to the levy of the uniform standby charge assessment.

#### Part II

An estimate of the costs of water services to be financed from the proceeds of the uniform standby charge assessment.

#### Part III

A description of the uniform standby charge assessment including:

- A description of each lot or parcel of property proposed to be subject to the assessment.
- The amount of the assessment for each lot or parcel.
- The assessment methodology describing the basis of the assessment.
- A description specifying the requirements for written and oral protests and the protest thresholds necessary for requiring a vote on, or abandonment of, the proposed assessment.

DATED this \_\_\_\_ day of June 2023




---

Alison M. Bouley P.E., Assessment Engineer  
 R.C.E. No. C61383  
 Engineer of Work  
 County of Riverside  
 State of California



## EXECUTIVE SUMMARY

### A. Introduction

Harris & Associates submits this Report, consisting of (3) parts, for the Water Standby Charge Assessment adopted on July 10, 1996 by the Board of Directors of Three Valleys Municipal Water District in accordance with Resolution No. 7-96-361 under the Uniform Standby charges Procedures Act, Government Code Section 54984 et seq. ("the Act). The Act gives the District the authority to fix in any given year a water standby charge on land within its jurisdiction to which water service is made available for any purpose by the District, whether the water services are used or not. The District established the standby charge in 1996 to fund the Readiness-to-Serve ("RTS") charge imposed upon the District by the Metropolitan Water District of Southern California and related administrative costs related to the standby charge. The report provides the information in the following parts:

#### Part I

Description of the Proposed Parcels and Assessment Boundaries.

#### Part II

The estimate of costs including the administration of the assessments and the Readiness-to-Serve charge imposed by the Metropolitan Water District of Southern California for the fiscal year 2023/2024.

#### Part III

The description of assessments includes the methodology developed to establish the basis of assessment for apportioning the cost of providing water services, and the facilities needed to provide water services.



## **PART I – DESCRIPTION OF THE PROPOSED PARCELS AND ASSESSMENT BOUNDARIES**

The proposed uniform standby charge assessment is entitled:

### **THREE VALLEYS MUNICIPAL WATER DISTRICT WATER STANDBY CHARGE ASSESSMENT**

The boundaries of the area proposed to be subject to the levy of the Water Standby Charge Assessment are contiguous with the boundaries of the District. The lines and dimensions of each lot or parcel within the District Boundaries are those lines and dimensions shown on the maps of the Assessor of the County of Los Angeles for the year when this report was prepared and are incorporated herein by reference and made part of this Engineer's Report.

All future annexations to the District shall be included in the Water Standby Charge Assessment. In future years, if any new parcels are created as a result of the division or consolidation of land, re-computation of the assessments will be conducted and the new parcels will be included within the area of assessment.





## PART II – ESTIMATE OF COSTS

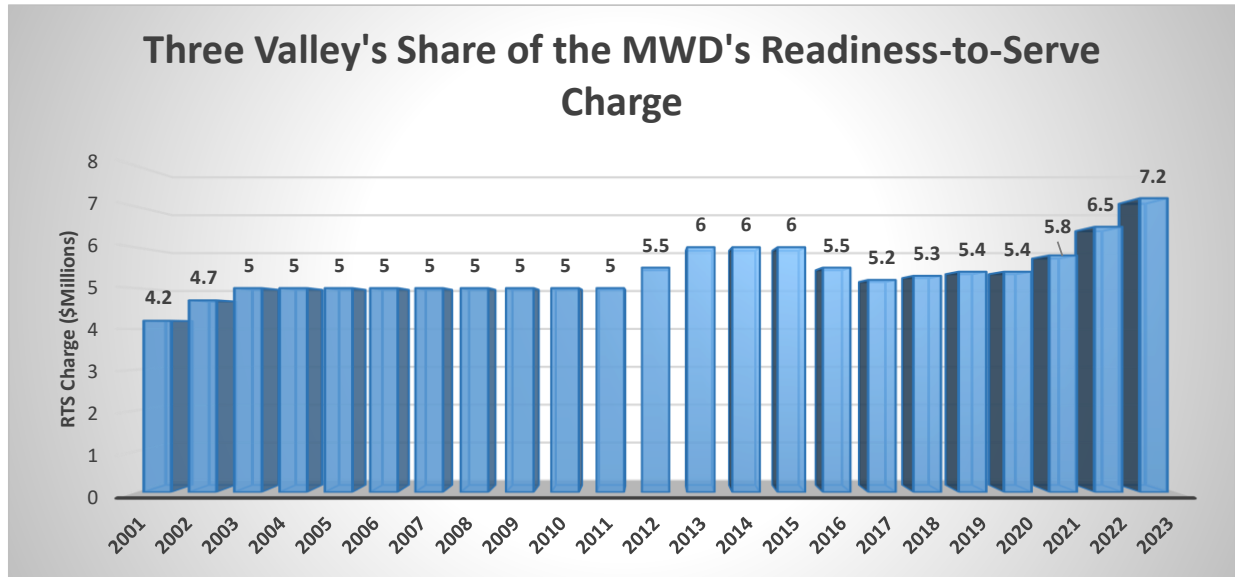
The Water Standby Charge Assessment revenue will be used for the purpose of meeting the Readiness-to-Serve (“RTS”) charge imposed by the Metropolitan Water District of Southern California (“MWD”), and for related administrative costs.

The following table lists the projections for the RTS Charge, Administration Cost for the Administration of the Assessment program and the Estimated Maximum Total Assessment that would be collected if the maximum assessment rate of \$29.41 is used.

	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020
RTS Charge	\$5,541,364	\$6,022,555	\$6,371,116	\$6,074,192	\$5,537,230	\$5,233,954	\$5,274,931	\$5,363,969
Assessment Administration	\$49,832	\$50,332	\$51,056	\$51,675	\$52,057	\$52,709	\$53,383	\$52,074
Est. Maximum Assessment	\$5,379,146	\$5,374,162	\$5,375,222	\$5,441,758	\$5,445,359	\$5,443,845	\$5,425,678	\$5,431,833

	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
RTS Charge	\$5,494,518	\$5,872,377	\$6,589,633	\$7,248,266
Assessment Administration	\$51,635	\$64,024	\$71,259	\$71,724
Est. Maximum Assessment	\$5,450,397	\$5,867,266	\$5,840,120	\$5,645,133

The estimated RTS charge through the year 2002 was based on the schedule provided by MWD shown in the chart below. Years 2003 through 2011 were based on the projected RTS charge of \$5 million. The 2012 through 2023 RTS charges are based on the amount approved by the Southern California Metropolitan Water District Board for each year.



The Metropolitan Water District (MWD) RTS charge will be \$7,248,266. With the anticipated MWD collections to be \$1,860,137 and the Three Valleys MWD charges of \$71,724, the Three Valleys MWD requirement should be \$5,459,852. The assessment rate will be adopted to generate Three Valleys MWD requirement. The amount budgeted to be generated by the assessment for FY 2023/2024 is \$5,458,944.75 as calculated in Section III.

Administration of the assessment is performed annually. This administration includes updating the annual assessment roll to ensure consistency with the assessment methodology detailed in this Engineer's Report. The administration also includes an analysis of the revenues and expenditures from the previous Fiscal Year and preparation of an annual report for submittal to the Board of Directors for approval of the proposed Fiscal Year's assessments and expenditures. The table below provides a comparison of the assessment between fiscal years.

	FY 2022/2023 <sup>(1)</sup>	FY 2023/2024	Difference <sup>(2)</sup>	Percentage Difference
Parcels	136,306	136,483	177	0.13%
EDU's	198,060	191,946	-6,114	-3.09%
Rate/EDU	\$24.18	\$28.44	\$4.26	17.62%
Est. Revenue	\$4,789,184.90	\$5,458,944.75	\$669,759.85	13.98%

(1) Totals for FY 2022/2023 are based on the final applied levy by the Los Angeles County Auditor-Controller's Office, including post levy adjustments.

(2) Note: Difference between Revenue, EDUs and parcels resulted from audit of parcels and land use designations.



## PART III – DESCRIPTION OF ASSESSMENTS

This section of the report describes the methodology developed to establish the basis of assessment for apportioning the cost of providing water services, and the facilities needed to provide water services, to each lot or parcel based upon the type of use or potential use of each property. The basis of assessment was developed by Berryman & Henigar based upon information provided by the District, standard and member agency design criteria, and the requirements of Section 54984.2 of the Uniform Standby Charge Procedures Act. The following sections review the requirements of the California Government Code and describe the recommended assessment methodology.

### A. LEGAL REQUIREMENTS

Chapter 12.4 "Uniform Standby Charge Procedures Act" of the California Government Code states that any local agency that provides water services may, by resolution adopted after notice and hearing, determine and levy an assessment for water services pursuant to this chapter.

The California Government Code further requires that the agency establish a methodology, which is related to the benefit received from the water services for calculating the assessment to be levied on each parcel. Section 54984.2 provides that:

"...The governing body of the agency which fixes the charge may establish schedules varying the charge according to land uses, benefit derived or to be derived from the use or availability of facilities to provide water, sewer, or water and sewer service, or the degree of availability or quantity of the use of the water, sewer, or water and sewer services to the affected lands, and may restrict the assessment to one or more improvement districts or zones of benefit established within the jurisdiction of the agency. The charge may be imposed on an area, frontage, or parcel basis, or a combination thereof."

All assessments described in this Report and approved by the Board are prepared in accordance with the Act and are in compliance with the provisions of the *California Constitution Article XIID* (enacted by the passage of Proposition 218 in November 1996).

Pursuant to the *California Constitution Article XIID Section 5*, certain assessments that were existing on July 1, 1997, the effective date of *Article XIID*, are exempt from the substantive and procedural requirements of *Article XIID Section 4* and property owner balloting for the assessments is not required until such time that the assessments are increased. Exempt are any assessments imposed



exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, or vector control.

In May of 2005, Senate Bill 376, was enacted to add Article 2.7 (commencing with Section 71639) to Chapter 2 of Part 5 of Division 20 of the Water Code, relating to water. This bill authorizes the agency to adopt the standby charge rate with a schedule of annual adjustments, and to adjust the standby charge rate in relation to the change of the MWD imposed RTS charge, subject to the maximum assessment amount of twenty-nine dollars and forty-one cents (\$29.41) per Equivalent Dwelling Unit ("EDU").

## B. ASSESSABLE PARCELS

The table below summarizes the number of parcels and the total acreage by land use type. This information is based on the records of the Assessor of the County of Los Angeles.

Land Use Category	Number of Parcels	Dwelling Units (DU's)	Acres
Single-Family Residential (SFR)	108,857	108,857	N/A
Multi-Family Residential and Condominiums	18,235	43,312	N/A
Mobile Homes	96	8,599	N/A
Commercial	3,796	N/A	4,956.01
Churches	257	N/A	479.48
Industrial	2,112	N/A	4,721.61
Recreational Camping Facilities	2	N/A	8.13
Vacant Residential	2,223	N/A	7,181.49
Vacant Non-Residential	905	N/A	1,561.12
Exempt	0	N/A	0.00
<b>Total</b>	<b>136,483</b>		

The land use classifications are defined as follows:

**Single-Family Residential** - parcels designated as single-family residential per the Los Angeles County Assessor's Roll.



**Multi-Family Residential (including Condominiums)** - parcels designated as multi-family residential, which includes duplexes, apartments, condominiums or other dwelling units with common party walls, per the Los Angeles County Assessor's Roll.

**Mobile Homes** - parcels designated as mobile homes per the Los Angeles County Assessor's Roll.

**Commercial (including Churches)** - parcels designated as commercial, institutional or recreational per the Los Angeles County Assessor's Roll.

**Industrial** - parcels designated as industrial, utility or other miscellaneous uses, per the Los Angeles County Assessor's Roll.

**Recreational Camping Facilities** - parcels designated as camps per the Los Angeles County Assessor's Roll.

**Vacant** - parcels designated as vacant residential that have no dwelling units, or parcels designated as vacant commercial/industrial that have no commercial/industrial structures on them, per the Los Angeles County Assessor's Roll.

**Exempt** - Exempted from the assessment would be any parcel owned by a public agency or within the area of public streets and other public properties, utility easements, right-of-way, public schools, public parks, and common areas or un-developable parcels of land.

### C. EQUIVALENT DWELLING UNITS

To determine the benefit to the individual parcels with their varying land uses, an equivalent dwelling unit system was established. Each parcel is assigned equivalent dwelling units (EDUs) in proportion to the estimated benefit the parcel receives from the availability of water services. The total number of EDUs is then divided into the annual revenue requirement to determine the cost per EDU. The assessment for each parcel is then determined by multiplying the number of EDUs for each parcel by the cost per EDU.

Since the assessment is based upon the use of the property and the potential water usage of the property, the assessment methodology has been developed based on land use. The assessment methodology developed determines the number of EDUs to be assigned to each parcel. In determining the number of EDUs assigned, three factors are considered: parcel size, land use (intent of development), and the water use design factor of the land use of the property.

Equivalent Dwelling Unit (EDU) factors have been established to indicate the estimated benefit received by each parcel within the District. This method of assessment has established the single- family



residential parcel as the basic unit for calculation of the assessment and is defined as one EDU. All other parcels within the District are assigned a proportional EDU based on a formula that equates the property's specific development status (land use) and size to that of the single-family parcel.

The assignment of EDUs to each of the different land uses is as follows:

**Single-Family Residential (SFR).** The single-family parcel has been defined as being 1.0 EDU.

**Multi-Family Residential.** Multi-family or condominium parcels are converted to EDUs based on the number of dwelling units on each parcel. Due to population density and size of structure relative to the typical single-family residence, each dwelling unit defined as multi-family residential, including condominiums is **0.75 EDU**. Water availability benefit does not increase proportionately as the number of units increase on a multi-family parcel. By decreasing the equivalency as the number of units increase, a reasonable benefit assessment is achieved. Therefore, the equivalency is reduced to **0.5 EDU** per dwelling unit, on the 5<sup>th</sup> unit or above for apartment buildings with 5 units or more. Parcels with 5 or more units are considered "high density" as opposed to the "medium density" of duplexes, triplexes and four-plexes, and the Los Angeles County Assessor's land use codes segregate these parcels out.

**Mobile Homes.** Mobile home parks, and mobile homes located within mobile home parks, are converted to EDUs based on the population density and size of structure relative to a single-family residence. Therefore, mobile home parks and mobile homes located in mobile home parks are assessed **0.5 EDU** per mobile home. No decrease is applied to this factor, as mobile homes are all separate dwellings with no common walls.

Studies have consistently shown that the average apartment unit impacts infrastructure approximately 75% as much as a single-family residence, and the average mobile home unit impacts infrastructure approximately 50%, (Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition, 1991; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition, 1991). Trip generation and wastewater usage are functions of population density. It is concluded that other infrastructure will be similarly impacted at a reduced level. The smaller average unit size of multiple residential and mobile homes and their reduced impact on water use result in a lesser benefit per unit to property.

**Commercial/Industrial.** Commercial and industrial parcels are converted to EDUs based on the lot size of each parcel of land. The number of equivalent dwelling units per acre for commercial/industrial property has been equated to the average single-family residential lot size of approximately 8,700 square feet, or 5 lots per acre. All properties that are developed for commercial/ industrial uses are therefore assigned **5.0 EDU's** per acre for the first five acres, with a minimum of 1 EDU per parcel.



Based upon a review of large non-residential parcels within the District, as the parcel size increases above five acres, the development density on the parcel generally decreases due to requirements to provide on-site circulation, allow for the storage of materials or equipment, provide buffers to adjacent land uses and other factors associated with the types of development which require larger parcels. Therefore, after the first 5 acres, each additional acre will be charged as vacant land as further described below; 25% of 5.0 EDU's, or 1.25 EDU's per acre.

Additionally, a water use factor is applied to both the commercial and industrial parcels as follows, based on relative average water usage as compared to single-family residential developments:

- Commercial Water Use Factor = 1.4
- Industrial Water Use Factor = 1.1

**Recreational Camping Facilities.** Recreational camping facilities typically have large land areas comprised of mostly park-like open space and only a few buildings. Therefore, to more accurately assign EDUs to these parcels, a "theoretical area" will be calculated for each of them. The typical developed commercial parcel has 1/3 of its lot area covered by improvements. Using this standard, the "theoretical area" is computed by multiplying the improvement area of each camping parcel by 3. This "theoretical area" is then converted to acreage, and the Equivalent Dwelling Unit factor of 5 EDU per acre is applied.

**Vacant.** Vacant property receives a benefit from water services availability. Water availability allows the parcel to develop to its maximum use in the future. Based upon the opinions of professional appraisers who appraise current market property values for real estate in Southern California, the land value portion of a property typically ranges from 20 to 30 percent; in the Three Valleys Municipal Water District, the average is about 25 percent. Additionally, the utilization of vacant property is significantly less than improved property. Consequently, vacant property shall be assessed at the rate of 25% of improved property. Therefore, vacant single-family residential parcels are assessed 25% of a developed SFR parcel, or **0.25 EDU** per parcel, and vacant non-SFR parcels are assessed at the rate of 25% of the developed commercial/industrial properties, or **1.25 EDUs** per acre or any portion thereof, up to a maximum of 5 acres per parcel.



A summary of Equivalent Dwelling Units and Benefit Factors is shown on the following table:

EQUIVALENT DWELLING UNITS						
LAND USE	BASIC UNIT		EDU FACTOR		USE FACTOR	EDU RATES
Single-Family Res. (SFR)	1 DU	x	1	x	1	= 1.0 EDU/DU
Multi-Family Res. and Condominiums	1 DU	x	0.75	x	1	0.75 EDU/DU for the first 4 DU’s
	1 DU	x	0.5	x	1	= 0.5 EDU/DU after the 4 <sup>th</sup> DU
Mobile Homes	1 DU	x	0.5	x	1	= 0.5 EDU/DU
Commercial	1 acre	x	5	x	1.4	= 7.0 EDU/acre for the first 5 acres (min. 1 EDU/parcel)
	1 acre	x	1.25	x	1.4	= 1.75 EDU/acre after the 5th acre
Industrial	1 acre	x	5	x	1.1	= 5.5 EDU/acre for the first 5 acres (min. 1 EDU/parcel)
	1 acre	x	1.25	x	1.1	= 1.375 EDU/acre after the 5th acre
Recreational Camping Facilities	1 acre*	x	5	x	1	= 5.0 EDU/acre
Vacant SFR	1 parcel	x	0.25	x	1	= 0.25 EDU/parcel
Vacant Non-SFR	1 acre	x	1.25	x	1	= 1.25 EDU/acre (min. 0.25 EDU/parcel; max of 5 acres/parcel)

**D. ASSESSMENT RATES**

The total number of Equivalent Dwelling Units (EDUs) has been calculated for the District based upon current land use data as shown on the latest assessor’s roll for Los Angeles County and the methodology described above. The number of EDUs by land use type is shown in the table below:





Land-Use Type	Equivalent Dwelling Units
SFR	108,742.50
MFR and Condominium	28,060.25
Mobile Home Parks	4,299.50
Commercial	27,209.64
Churches	3,137.35
Industrial	19,035.09
Recreational Camping Facilities	0.86
Vacant SFR	555.75
Vacant Non-SFR	905.10
<b>Total:</b>	<b>191,946.04</b>

Based upon the budget of \$5,458,944.75 as shown in Section II of this report, the Assessment Rate for FY 2023/2024 per Equivalent Dwelling Unit (EDU) is **\$28.44/EDU**, as calculated below.

FY 2023/2024 Total Assessment Revenue	Total Equivalent Dwelling Units	Applied Assessment Rate/EDU
\$5,458,944.75	191,946.04	\$28.44

Note: Difference in Total Assessment and EDUs multiplied by the Rate is due to rounding.

The following table, Summary of Assessment Rates, provides the proposed Maximum Assessment and Applied Assessment Rates for the ten-year period beginning with FY 2012/2013. The Board may continue to levy the Assessment in future years (i.e. beyond FY 2023/2024) so long as MWD continues to impose the RTS charge upon the District. However, the maximum Assessment Rate per EDU shall never be greater than \$29.41, nor shall the total amount assessed be greater than the sum of the RTS charge and administrative costs.



**SUMMARY OF MAXIMUM AND APPLIED ASSESSMENT RATES**

Fiscal Year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Maximum Assessments Rate/EDU	\$29.41	\$29.41	\$29.41	\$29.41	\$29.41	\$29.41	\$29.41	\$29.41
Applied Assessments Rate/EDU	\$20.46	\$23.22	\$25.02	\$23.09	\$20.16	\$18.51	\$18.79	\$19.23

Fiscal Year	2020/2021	2021/2022	2022/2023	2023/2024
Maximum Assessments Rate/EDU	\$29.41	\$29.41	\$29.41	\$29.41
Applied Assessments Rate/EDU	\$19.90	\$20.43	\$24.18	\$28.44

**E. AMOUNT OF ASSESSMENT**

The amount of the proposed assessment for FY 2023/2024, based on EDUs as apportioned to each parcel shown on the latest roll of the Los Angeles County Assessor, is contained in the Assessment Roll on file in the office of the Secretary of the Three Valleys Municipal Water District. The description of each parcel is part of the records of the County Assessor and these records are, by reference, made a part of this Engineers Report.

**F. ACCURACY OF DATA**

The data utilized in developing the assessment rate calculations has been taken directly from the Los Angeles County Assessor's Roll.

Some parcels that are partially improved often will appear on the Assessor's roll as improved. These parcels that are brought to the attention of the District, and are found to be so classified after field review, will have their assessment revised per this report: for that portion of the property which is improved, the developed land use benefit formula will apply; for that portion of the property which is unimproved, the vacant land use benefit formula will apply.

Should a property owner find a discrepancy regarding a parcel, it is recommended that the owner notify the Three Valleys Municipal Water District by contacting the Secretary of the Three Valleys Municipal Water District. If warranted, the District will assist the owner in processing a correction with the County Assessor's Office. The District will be responsible for revisions to the Water Standby Charge



Assessment for the property for the current Fiscal Year if the change in amount is greater than five percent (5%). If the change is less than or equal to five percent, then the adjustment for the following year will be made at the time that the annual assessments are determined for the next Fiscal Year, and no refund will be made for the previous year's assessment.



## EXHIBIT A

### SAMPLE CALCULATIONS FOR VARIOUS LAND USES

Land Use	Benefit Calculation (EDU) x (Use Factor)	Total EDUs	Assessment \$28.44/EDU
Single Family Res.	(1 DU x 1 EDU/DU) x 1 = 1	1	\$28.44
Triplex	(3 DU x 0.75 EDU/DU) x 1 = 2.25	2.25	\$63.99
10-Unit Apartment	[(4 DU x 0.75 EDU/DU) + (6 DU x 0.5EDU/DU)] x 1 = 6	6	\$170.64
90-Unit Apartment	[(4 DU x 0.75 EDU/DU) + (86 DU x 0.5EDU/DU)] x 1 = 46	46	\$1,308.24
Store ¼ acre parcel	(¼ acre x 5.0 EDU/acre) x 1.4 = 1.75	1.75	\$49.77
Bank/Office Bldg. ½ acre parcel	(½ acre x 5.0 EDU/acre) x 1.4 = 3.5	3.5	\$99.54
Office Building 2 acre parcel	(2 acre x 5.0 EDU/acre) x 1.4 = 14	14	\$398.16
Service Station ⅓ acre parcel	(⅓ acre x 5.0 EDU/acre) x 1.4 = 2.33	2.33	\$66.36
Light Manufacturing ¼ acre parcel	(¼ acre x 5.0 EDU/acre) x 1.1 = 1.38	1.38	\$39.11
Heavy Manufacturing 7 acre parcel	[(5 ac x 5.0 EDU/ac) + (2 ac x 1.25 EDU/ac)] x 1.1 = 30.25	30.25	\$860.31
Recreational Camping Facility	[(2,500 sf x 3) ÷ 43,560 sf/ac] x 5.0 EDU/ac x 1 = 0.86	0.86	\$24.48
Vacant SFR	(1 parcel x 0.25 EDU/parcel) x 1 = 0.25	0.25	\$7.11
Vacant Non-SFR 1 acre parcel	(1 acre x 1.25 EDU/acre) x 1 = 1.25	1.25	\$35.55
Vacant Non-SFR 5+ acre parcel	(5 acre x 1.25 EDU/acre) x 1 = 6.25	6.25	\$177.75

Note: Total Assessment EDU may not calculate exactly due to rounding.




## EXHIBIT B

### ASSESSMENT ROLL FOR FISCAL YEAR 2023/2024

Each Assessor Parcel Number and its assessment to be levied for FY 2023/2024 is shown on the Assessment Roll on file in the office of the Secretary of the Three Valleys Municipal Water District and is incorporated herein by reference. Reference is made to the Los Angeles County Assessor's office for further description of the parcels in the District.



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** **Consolidation of the Deferred Compensation Plan Record-Keeping Platforms**

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Funds Budgeted: \$

Fiscal Impact: \$

### Staff Recommendation

**No Action Necessary – Informational Item Only**

### Background

TVMWD provides employer-sponsored deferred compensation plans under Section 457(b) and 401(a) of the Internal Revenue Code ("IRC"), herein known as "The Plan." The Plan provides tax benefits to employees who make deposits into the Plans on a pre-tax basis for their retirement. Currently, TVMWD offers multiple plan providers, Lincoln and CalPERS (VOYA), but due to increasing fiduciary responsibilities related to administering and monitoring the Plans under the IRC and California law, and to provide lower fees and better investments to employees, the staff is recommending approval of the consolidation of the current two plans into a single record-keeping platform.

### Discussion

Under Section 457(b) of the Internal Revenue Code ("Code"), government entities may sponsor a deferred compensation plan, while meeting fiduciary responsibilities under California law, to allow employees to defer income tax on retirement savings into future years. Governmental entities may also offer defined contribution plans under Section 401(a) of the Code to allow for additional retirement savings while also meeting the fiduciary responsibilities under California law. TVMWD has provided employer sponsored deferred compensation plans under Section 457(b) with two companies: Lincoln and CalPERS (VOYA). TVMWD also provides a 401(a) defined contribution for a small subsegment of employees, with this plan record kept by Lincoln.

Under the California State Constitution, Article XVI Section 17, government entities that sponsor 457(b) plans have fiduciary responsibilities to ensure the operation and investment of the public retirement plan is for the exclusive purpose of providing benefits to participants and beneficiaries. This same standard of care also applies to 401(a) plans.

The fiduciary responsibilities are to:

- Act solely in the interest of plan participants and their beneficiaries;
- Carry out their duties prudently;
- Follow plan documents;
- Diversify plan investments;
- Engage in a prudent process for making all decisions related to the operation of the plan, including decisions related to the plan's investments and related services;
- Ensure plan and investment expenses are reasonable; and
- Have a fidelity bond

Due to the complexity of the investment process and responsibilities, TVMWD contracted with Shuster Advisory Group, LLC (“Shuster”), a retirement plan consultant and fiduciary, to conduct an audit of the contract terms, investment options, and fees within the current plans. As a fiduciary, TVMWD has the responsibility to control the investment choices made available in the plans and ensure fees charged to participants are reasonable.

The audit included a review of all contract related data, including but not limited to administrative fees associated with those plans, investment options, asset values, fixed and stable value interest rates, and additional fees that may be charged by the plans to participants. Shuster also compared the information obtained through the audit with other record-keepers to determine whether the incumbent Plan fees were reasonable through a formal Request for Proposal (“RFP”) process to five (5) record-keepers, including Lincoln and VOYA. The respondents to the RFP were:

1. Lincoln
2. Empower
3. Voya
4. MissionSquare
5. Nationwide

Based on the RFP results received, the following three record keepers were invited to present to staff and Shuster:

1. Lincoln
2. Empower
3. Voya

Based on analysis and marketing results, it was determined that the Plan participants would benefit by consolidating from two record-keepers to a single record-keeper. Staff is analyzing the results of the presentations and will bring a recommendation to the Board at the June 21<sup>st</sup> board meeting.

By aggregating plan assets and selecting a single record-keeper, TVMWD can reduce plan and investment fees approximately 73%, simplify administration, enhance investment options and provide participants with consistent support and services.

There is no fiscal impact and no cost to TVMWD. Plan participants (Directors, Employees and Retirees) will receive lower fees and higher quality fund options, providing participants the best opportunity to enhance their retirement savings.

**Strategic Plan Objective(s)**

3.3 – Be accountable and transparent with major decisions

4.3 – Maximize employee retention

**Attachment(s)**

None

**Meeting History**


None

NR/VR





## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** Resolution No. 23-06-DRAFT TVMWD's Investment Policy

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Funds Budgeted: \$

Fiscal Impact: \$

### Staff Recommendation

**No Action Necessary – Informational Item Only**

### Background

**Board policy dictates that an annual review of TVMWD's investment policy takes place. This stems from Government Code section 53646 requiring agencies to develop an investment policy and implement periodic changes that may occur in reporting requirements. If changes to the existing policy are recommended, a new resolution is issued with the Board approved recommendations.**

### Discussion

Attached for Board review is the most recently adopted (June 15, 2022) TVMWD investment policy. Chandler Asset Management performed their annual review of our policy and provided the following suggested changes based on updates to either the California Government Code or industry best practices related to the investment of public funds.

- Section 5.0 Delegation of Authority – added language to further state the delegation of authority for TVMWD's portfolio.
- Section 8.0 Authorized and Suitable Investments:
  - A & B - Municipal Securities – updated language for these two security types.
  - D - Federal Agencies – incorporated a limit of no more than 30% of TVMWD's portfolio may be invested in any single agency issuer as well as the maximum percentage of agency callable securities in the portfolio will be 20%.
  - F - Commercial Paper – added language that the maximum maturity does not exceed 270 days for commercial paper per the California Government code.
  - G – Negotiable CD – inserted ratings minimums following industry best practices.
  - H – Reverse/Reverse Repurchase Agreements – included that the maximum maturity does not exceed one year per the California Government Code.

- M – Pass-through Securities – included Asset-Backed securities as an option to further diversification within the portfolio.
- Section 13.0 Risk Management in the Portfolio – included discussion on the management of market risk.
- Section 18.0 Reporting – revised the deadline for providing reporting to the Board of Directors to 45 days instead of 30 days based on the updated California Government Code.

This item will be brought back for consideration of adoption at the June 21, 2023, board meeting.

**Environmental Impact**

None

**Strategic Plan Objective(s)**

3.1 – Utilize and comply with a set of financial policies to maintain TVMWD’s financial health

3.3 – Be accountable and transparent with major decisions

**Attachment(s)**

Exhibit A – Resolution No. 23-06-DRAFT TVMWD’s Investment Policy

**Meeting History**

None

NA/LC

**RESOLUTION NO. 23-06-DRAFT**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
ESTABLISHING AN INVESTMENT POLICY**

**1.0 POLICY**

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the General Manager of the Three Valleys Municipal Water District ("TVMWD") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE, it shall be the policy of TVMWD to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of TVMWD and conforming to all statutes governing the investment of TVMWD funds.

**2.0 SCOPE**

This investment policy applies to all financial assets of TVMWD except bond funds and funds held in trust for pension and OPEB liabilities. All funds are accounted for in the annual audit.

**3.0 PRUDENCE**

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 TVMWD, 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 TVMWD. The standard of prudence to be used by investment officials shall be the "prudent investor standard" California Government Code 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment 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.

#### **4.0 OBJECTIVES**

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of TVMWD shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable TVMWD to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

#### **5.0 DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from California Government Code 53607, et seq. By annually adopting this investment policy, responsibility for the investment program is hereby delegated by the Board to the General Manager who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the General Manager. The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

TVMWD may engage the services of one or more external investment managers to assist in the management of the TVMWD's investment portfolio in a manner consistent with the TVMWD's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

TVMWD's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. TVMWD recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of TVMWD.

#### **6.0 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the 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 General Manager any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of TVMWD.

### **7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, TVMWD shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for TVMWD's account with that firm has reviewed TVMWD's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to TVMWD that are appropriate under the terms and conditions of the Investment Policy. An annual review of the financial condition and registrations of qualified bidders will be conducted by the General Manager. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which TVMWD invests.

All financial institutions and broker/dealers who desire to conduct investment transactions with TVMWD must supply the General Manager with the following: audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, completed broker/dealer questionnaire, certification of having read the TVMWD's investment policy and depository contracts.

Selection of broker/dealers used by an external investment adviser retained by TVMWD will be at the sole discretion of the investment adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing new issue securities, no

competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

## **8.0 AUTHORIZED AND SUITABLE INVESTMENTS**

TVMWD is empowered by California Government Code 53601 et seq. to invest in the following:

- a. Municipal Securities include obligations of TVMWD, the State of California and any local agency within the State of California. These municipal securities must be rated in a rating category of “A” or its equivalent of better by at least one nationally recognized statistical rating organization (“NRSRO”). No more than 30% of TVMWD’s portfolio may be invested in municipal securities.
- b. Municipal Securities of any of the other 49 states in addition to California, 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 of the other 49 states, in addition to California. These municipal securities must be rated in a rating category of “A” or its equivalent of better by at least one NRSRO. No more than 30% of TVMWD’s portfolio may be invested in municipal securities.
- c. United States Treasury Bills, Notes and Bonds.
- d. Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 30% of TVMWD’s portfolio may be invested in any single agency/GSE issuer and the maximum percentage of agency callable securities in the portfolio will be 20%.
- e. Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances may not exceed 180 days maturity or 40% of the TVMWD’s money that may be invested pursuant to this policy. However, no more than 30% of TVMWD’s moneys may be invested in the bankers’ acceptances of any one commercial bank pursuant to this policy. They are issued by institutions which have short-term debt obligations rated “A-1” or higher, or the equivalent, by at least one NRSRO; or long-term debt obligations which are rated in the “A” category or higher, or the equivalent, by at least one NRSRO.
- f. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided by a NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. TVMWD shall invest no more than 25% of its money in eligible commercial paper. TVMWD may purchase no more than 5% of the outstanding commercial paper of any single issuer. The maximum maturity does not exceed 270 days. The entity that issues the commercial paper shall meet all the following conditions in either paragraph 1 or 2:

1. The entity meets the following criteria:
  - a. Is organized and operating in the US as a general corporation.
  - b. Has total assets in excess of \$500,000,000
  - c. Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.
  - d. Has commercial paper that is rated "A-1" or higher, or the equivalent, by at least one NRSRO.
2. The entity meets the following criteria:
  - a. Is organized within the US as a special purpose corporation, trust, or limited liability company.
  - b. Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
  - c. Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.
- g. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO. Purchases of negotiable certificates of deposit may not exceed 30% of TVMWD's total portfolio which may be invested pursuant to this policy.
- h. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. Securities purchased under these agreements shall be no less than 102% of market value and are subject to the special limits in California Government Code 53601(i). Repurchase Agreements are subject to a Master Repurchase Agreement between TVMWD and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA). The total of all reverse repurchase agreement and securities lending agreements on investments owned by TVMWD may not exceed 20% of the base value of the portfolio and have a maximum maturity that does not exceed one year.
- i. Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, 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. Notes eligible for investment under this subdivision shall be rated in the "A" category or better, or the equivalent, by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this policy and may not exceed 30% of TVMWD's money which may be invested pursuant to

this policy.

- j. Mutual funds and money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:
  - 1. Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
    - a. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or
    - b. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
    - c. No more than 10% may be invested in the shares of any one mutual fund.
  - 2. Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
    - a. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or
    - b. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
    - c. No more than 20% of the portfolio may be invested in Money Market Mutual Funds.
  - 3. No more than 20% of the portfolio may be invested in these securities.
- k. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.



- l. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- m. Any asset-backed, mortgage pass-through security, collateralized mortgage obligation, or mortgage-backed bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond from issuers not defined in sections "c" and "d" of the authorized investment sections of this policy with a maximum of five years maturity. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or higher, or the equivalent, by at least one NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of TVMWD's money that may be invested pursuant to this policy.
- n. Supranationals, provided that issues are US dollar denominated, senior unsecured, unsubordinated, obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Securities eligible under this subdivision will be rated in the "AA" category or higher, or the equivalent, by a NRSRO. No more than 30% of the total portfolio may be invested in these securities. No more than 10% of the portfolio may be invested in any single issuer.
- o. Any other investment security authorized under the provisions of California Government Code 5922 and 53601.

### **9.0 INVESTMENT POOLS / MUTUAL FUNDS**

TVMWD shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The General Manager shall develop a questionnaire which will answer the following general questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations 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 is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

#### **10.0 MAXIMUM MATURITIES**

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

#### **11.0 PROHIBITED INVESTMENTS AND PRACTICES**

TVMWD shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, options and futures, or any investment that may result in a zero interest accrual if held to maturity. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. Also prohibited is trading securities for the sole purpose of speculating on the future direction of interest rates, purchasing or selling securities on margin, securities lending or any form of borrowing or leverage, and the purchase of foreign currency denominated securities.

#### **12.0 REVIEW OF INVESTMENT PORTFOLIO**

The General Manager shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to TVMWD.

#### **13.0 RISK MANAGEMENT IN THE PORTFOLIO**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. TVMWD shall mitigate credit risk by adopting the following strategies:

- a. TVMWD may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to the market conditions or TVMWD's risk preferences; and.
- b. If securities owned by the TVMWD are downgraded to a level below the credit quality required by this Investment Policy, it shall be the TVMWD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported quarterly to the governing board.
- c. No more than 5% of the total portfolio may be invested in securities of any single issuers, except where the issuer is the US Government, its Agencies and GSEs, an

authorized Supranational issuer, or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF), or other Local Government Investment Pool, or where otherwise specified in this investment policy.

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. TVMWD recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. TVMWD will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

TVMWD further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. TVMWD, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- a) TVMWD will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- b) The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- c) The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by TVMWD based on investment objectives, constraints and risk tolerances.

### **14.0 COLLATERALIZATION**

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

**Certificates of Deposit (CDs).** TVMWD shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

**Collateralization of Bank Deposits.** This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. TVMWD shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

**Repurchase Agreements.** TVMWD requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- TVMWD shall receive monthly statements of collateral.

### **15.0 SAFEKEEPING AND CUSTODY**

All security transactions entered into by TVMWD shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be held by a third-party custodian designated by the General Manager and evidenced by safekeeping receipts.

### **16.0 DIVERSIFICATION**

TVMWD will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. No more than 5% of the total portfolio may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and GSEs, an authorized Supranational issuer or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF) or other Local Government Investment Pool, unless otherwise specified in this investment policy. Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Maturities selected shall provide for stability of income and liquidity.
- b. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

### **17.0 INTERNAL CONTROLS**

The General Manager shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

### **18.0 REPORTING**

The General Manager shall submit to each member of the Board of Directors an investment report monthly, within 45 days after the end of the reporting period in accordance with California

Government Code Section 53607. These reports will disclose, at minimum, the following information about the characteristics of the portfolio:

1. An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
2. Transactions for the period.
3. A one-page summary report that shows:
  - a. Average maturity of the portfolio and modified duration of the portfolio;
  - b. Maturity distribution of the portfolio;
  - c. Average portfolio credit quality; and,
  - d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to TVMWD's market benchmark returns for the same periods;
4. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
5. A statement that TVMWD has adequate funds to meet its cash flow requirements for the next six months.

A comprehensive annual report will be presented. This report will include comparisons of the portfolio's return to the benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

### **19.0 INVESTMENT POLICY ADOPTION**

The Investment Policy shall be adopted by resolution of TVMWD. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the TVMWD.

### **20.0 PERFORMANCE EVALUATION**

The investment portfolio shall be designed to attain a market-average rate of return throughout

budgetary and economic cycles, taking into account TVMWD's risk constraints, the cash flow characteristics of the portfolio, state and local laws and ordinances or resolutions that restrict investments.

The General Manager shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the General Manager's quarterly report. The General Manager shall select an appropriate, readily available index to use as a market benchmark.

### **21.0 REVIEW OF INVESTMENT PORTFOLIO**

The General Manager shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Board.

## 22.0 GLOSSARY

**Agencies.** Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie Mac” issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie Mae,” issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as “Ginnie Mae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**Asked.** The price at which a seller offers to sell a security.

**Asset Backed Securities.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**Average Life.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**Banker’s Acceptance.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

**Benchmark.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**Bid.** The price at which a buyer offers to buy a security.

**Broker.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**Callable.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

**Certificate of Deposit (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**Collateral.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of

public monies.

**Collateralized Mortgage Obligations (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**Commercial Paper.** The short-term unsecured debt of corporations.

**Cost Yield.** The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

**Coupon.** The rate of return at which interest is paid on a bond.

**Credit Risk.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**Current Yield.** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**Dealer.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**Debenture.** A bond secured only by the general credit of the issuer.

**Delivery vs. Payment (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**Derivative.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

**Discount.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**Diversification.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**Duration.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**Federal Funds Rate.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**Federal Open Market Committee.** A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**Haircut.** The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

**Leverage.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**Liquidity.** The speed and ease with which an asset can be converted to cash.



**Make Whole Call.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**Margin.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**Market Risk.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**Market Value.** The price at which a security can be traded.

**Marking to Market.** The process of posting current market values for securities in a portfolio.

**Maturity.** The final date upon which the principal of a security becomes due and payable.

**Medium Term Notes.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**Modified Duration.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**Money Market.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**Mortgage Pass-Through Securities.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**Municipal Securities.** Securities issued by state and local agencies to finance capital and operating expenses.

**Mutual Fund.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**Nationally Recognized Statistical Rating Organization (NRSRO).** A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Moody's, S&P and Fitch.

**Premium.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**Prepayment Speed.** A measure of how quickly principal is repaid to investors in mortgage securities.

**Prepayment Window.** The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

**Primary Dealer.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**Prudent Person (Prudent Investor) Rule.** 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.”

**Realized Yield.** The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

**Regional Dealer.** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

**Repurchase Agreement.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller’s point of view, the same transaction is a reverse repurchase agreement.

**Safekeeping.** A service to bank customers whereby securities are held by the bank in the customer’s name.

**Structured Note.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**Total Rate of Return.** A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. Treasury Obligations.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury Bills.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues “cash management” bills as needed to smooth out cash flows.

**Treasury Notes.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**Treasury Bonds.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**Volatility.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**Yield to Maturity.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

## Item 9.B - Exhibit A

**ADOPTED** and **PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors held via teleconference, on this 21st day of June 2023 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST:

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Jody Roberto  
President, Board of Directors


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Carlos Goytia  
Secretary, Board of Directors

SEAL:



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** **General Manager FY 2023-24 Work Plan**

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Funds Budgeted: \$

Fiscal Impact: \$

### **Staff Recommendation**

**No Action Necessary – Informational Item Only**

### **Background**

Each year, the General Manager and Executive Staff prepare the General Manager Work Plan (“Work Plan”) that lays out the specific projects or initiatives to meet the overall goals in support of the TVMWD mission outlined in the Strategic Plan.

### **Discussion**

The FY 2023-24 Work Plan outlines specific projects, initiatives and activities that are measurable with specific performance objectives. A copy of the proposed Work Plan is attached as **Exhibit A**. All the activities outlined in the Work Plan are designed to further the mission of TVMWD and each activity listed is referenced back to each specific strategic goal outlined in the FY 2023/24 Strategic Plan.

### **Strategic Plan Objective(s)**

3.3 – Be accountable and transparent with major decisions

3.4 – Communicate what TVMWD’s role is in the delivery of water

### **Attachment(s)**

Exhibit A – General Manager’s Work Plan, Fiscal Year 2023-24

**Meeting History**

None

NA/ML

## GOALS

### Goal #1 - Provide a Reliable, High-Quality Water Supply to Meet Regional Demands

#### Objective

- 1.1 Secure water supplies that exceed the estimated annual demands
- 1.2 Maintain compliance with water quality standards
- 1.3 Maintain diverse sources of reliable water supplies and storage
- 1.4 Maintain reliable water infrastructure
- 1.5 Be prepared for catastrophic events

### Goal #2 – Provide Water Supplies in the Most Cost-Effective Manner

#### Objective

- 2.1 Maximize the most cost effective water resources
- 2.2 Maintain efficient and safe operations
- 2.3 Maintain involvement and awareness of all aspects of MWD

### Goal #3 – Be Financially Responsible and Maintain Public Trust

#### Objective

- 3.1 Utilize and comply with a set of financial policies to maintain TVMWD's financial health
- 3.2 Maintain website with useful information
- 3.3 Be accountable and transparent with major decisions
- 3.4 Communicate TVMWD's role in the delivery of water
- 3.5 Advocate legislation and initiatives that further TVMWD's mission and vision

### Goal #4 – Continuously Implement Necessary Organizational Enhancements

#### Objective

- 4.1 Prepare next generation of water professionals
- 4.2 Maintain information technology at industry standards
- 4.3 Maximize employee retention
- 4.4 Maintain digital records and cloud storage



THREE VALLEYS MUNICIPAL WATER DISTRICT  
 GENERAL MANAGER'S WORK PLAN  
 FISCAL YEAR 2023-24

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.*

**PLANNED ACTIVITIES**

Activity	Success Measure	District Strategic Objectives
1. <b><u>TVMWD Padua Avenue Well/Pump Station Property</u></b> Pursue purchase of a portion of property owned by Caltrans near Baseline and Padua for a future well and/or pump station.	<ul style="list-style-type: none"> <li>• Execute Decertification Agreement with Caltrans</li> <li>• Negotiate and execute a purchase agreement with Caltrans and assume ownership</li> </ul>	1.1, 1.3, 1.4, 1.5, 2.1
2. <b><u>TVMWD Electrical Upgrades</u></b> Electrical upgrades to improve emergency response and improve staff safety	<ul style="list-style-type: none"> <li>• Complete the Emergency Generator Connections project</li> <li>• Complete the Miramar Treatment Plant Electrical Panel Upgrade project</li> </ul>	1.4, 1.5, 2.2
3. <b><u>Maximize Energy Production from Hydrogeneration Units</u></b> Maximize run times for all three hydro stations to maximize revenue.	<ul style="list-style-type: none"> <li>• Meet or exceed budgeted goals for power production</li> </ul>	2.1
4. <b><u>Groundwater Reliability Partnership</u></b> City of Glendora Well Nos. 3 and 4 replacement and well head treatment in the Main San Gabriel Basin to benefit multiple TVMWD Member Agencies.	<ul style="list-style-type: none"> <li>• Review existing studies and finalize an updated feasibility study to determine a go or no-go decision</li> <li>• Execute future agreements as necessary to push project forward</li> <li>• Begin design and CEQA process</li> <li>• Build on existing partnerships to increase member agency participation</li> </ul>	1.1, 1.2, 1.3, 3.3, 3.4
5. <b><u>Maximize Water Sales Through Miramar</u></b> Maximizing water production in treatment plant decreases unit cost of water. Includes maximizing well production year-round.	<ul style="list-style-type: none"> <li>• Meet or exceed budgeted goals for water sales</li> <li>• Maintaining strong working relationships with Member Agencies</li> </ul>	2.1

## PLANNED ACTIVITIES

Activity	Success Measure	District Strategic Objectives
<p>6. <b><u>Miramar Building and Site Improvements</u></b> Continue to improve office space efficiency for staff as well as replacement of covered parking structure and other facility improvements.</p>	<ul style="list-style-type: none"> <li>• Explore cost-effective options to replace or repair covered parking due to structural deficiencies</li> <li>• Provide covered sunscreen structures for critical infrastructure</li> <li>• Install additional security at remote sites</li> <li>• Begin planning for Miramar Admin Building roof replacement</li> <li>• Upgrade office lighting for energy efficiency</li> </ul>	1.4, 2.2
<p>7. <b><u>Financial/Human Resources Software Replacement Planning</u></b> Replace EDEN financial software with Caselle Software. Perform database conversion, conduct data testing and place Caselle financial software into service.</p>	<ul style="list-style-type: none"> <li>• Go live implementation goal of March 2024</li> </ul>	3.1
<p>8. <b><u>TVMWD Succession Planning</u></b> Work with HR Manager to finalize staff succession planning for each individual job classification.</p>	<ul style="list-style-type: none"> <li>• Develop robust succession plan with executive management staff and subordinate staff to properly prepare the district for inevitable retirements</li> </ul>	4.1, 4.3
<p>9. <b><u>Emergency Response</u></b> Continue to work with PWAG and conduct internal tabletop exercise and one “surprise” drill (Date TBD). Implement additional NIMS/SEMS training and develop ICS form library and EOC supplies.</p>	<ul style="list-style-type: none"> <li>• EOC hands-on drill as a “surprise” exercise</li> <li>• Participate in Great Shakeout</li> <li>• Train staff on specific roles in ICS</li> <li>• Continue PWAG program participation</li> <li>• Utilize training and tools for staff development and implementation of ICS procedures</li> </ul>	1.4, 1.5, 4.1, 4.2
<p>10. <b><u>Geographical Information Systems (GIS) Implementation</u></b> Develop and institute GIS District wide to improve workflow efficiencies and improve asset management capabilities.</p>	<ul style="list-style-type: none"> <li>• Complete field verification of assets.</li> <li>• Begin process of implementing work order scheduling for routine and non-routine tasks</li> </ul>	1.4, 3.2, 3.4, 4.4



**PLANNED ACTIVITIES**

	<b>Activity</b>	<b>Success Measure</b>	<b>District Strategic Objectives</b>
11.	<p><b><u>Information Technology Strategic Plan</u></b>                      Implement tasks outlined in the IT Strategic Plan to ensure the efficient and effective use of technology to support TVMWD’s strategic goals and deliver value to its stakeholders.</p>	<ul style="list-style-type: none"> <li>• Support Financial software conversion project</li> <li>• Maintain a consistent hardware refresh cycle by replacing end-of-life hardware</li> <li>• Continue developing the Geographic Information System to improve business processes and accessibility to information</li> <li>• Prioritize and implement cyber security initiatives to enhance the TVMWD’s cyber security posture and mitigate ongoing cyber threats</li> <li>• Review and report on potential threats and general impacts of Artificial Intelligence (AI) Technology</li> <li>• Modernize boardroom audio/visual system to support a variety of meeting types and improve meeting efficiency</li> <li>• Improve records management capabilities with an Enterprise Content Management system pilot program</li> </ul>	3.2, 4.2, 4.4
12.	<p><b><u>Legislation Support</u></b>                      Support and/or oppose various proposed legislation that directly affects TVMWD.</p>	<ul style="list-style-type: none"> <li>• Senate Bill 366 (SB 366) – Support the Ca Water For All for increased statewide storage/conveyance (Support)</li> <li>• Assembly Bill 279 (AB 279) - San Gabriel Basin Water Quality Authority Pumping Right Assessment (Support)</li> <li>• Assembly Bill 460 (AB 460) - SWRCB Water Rights and Usage Interim Relief (Oppose)</li> <li>• Assembly Bill 1337 (AB 1337) - SWRCB Water Diversion Curtailment (Oppose)</li> </ul>	3.4, 3.5

**PLANNED ACTIVITIES**

	<b>Activity</b>	<b>Success Measure</b>	<b>District Strategic Objectives</b>
13.	<p><b><u>Water Supply Portfolio Development</u></b>                      Develop strategies for augmenting water supply portfolio and storage through partnerships.</p>	<ul style="list-style-type: none"> <li>• Pursue regional project concepts that benefits multiple agencies overlying the various groundwater basins</li> <li>• Develop Water Resources Master Plan that creates a road map to provide water supply reliability across the region</li> <li>• Develop partnership agreements</li> <li>• Collaborate with MWD on regional solution and funding mechanisms</li> <li>• Pursue funding opportunities to help offset local costs</li> </ul>	1.1, 1.3, 2.1
14.	<p><b><u>MWD Pure Water Southern California</u></b> Pursue additional water supply from the Pure Water Southern California project for recharge in the Main San Gabriel Basin as well as potential direct potable reuse at MWD’s Weymouth TP and TVMWD’s Miramar TP.</p>	<ul style="list-style-type: none"> <li>• Continue working with MWD and all stakeholders to fast-track this project.</li> <li>• Pursue agreement with PBWA for capacity in the Project</li> <li>• Monitor/comment on direct potable reuse draft regulations development by the SWRCB</li> </ul>	1.1, 1.3, 2.3, 3.3, 3.4
15.	<p><b><u>MWD Climate Adaptation Master Plan/Business Model</u></b>                      Actively participate in the development of the MWD Climate Adaptation Plan and business model. Participate in the postponed Rate Refinement Process ensuring the future financial stability of MWD.</p>	<ul style="list-style-type: none"> <li>• Participate in all workshops and committee meetings</li> <li>• Support TVMWD MWD Director on policy decisions</li> <li>• Advocate for rate changes that align with rate refinement principles developed in 2021 by the MWD Member Advocate for equitable fixed cost recovery mechanisms</li> </ul>	2.3, 3.4
16.	<p><b><u>Increase Water Storage Capabilities</u></b>                      Pursue opportunities to store additional SWP water in local groundwater basins.</p>	<ul style="list-style-type: none"> <li>• Pursue Storage Agreement in Chino Basin</li> <li>• Store additional water in the Main San Gabriel Groundwater Basin when water supplies and district finances are sufficient</li> <li>• Pursue additional sources of replenishment water in 6 Basins Groundwater Basin due to additional TVMWD well extractions</li> </ul>	1.1, 1.3, 1.5, 2.1

**PLANNED ACTIVITIES**

	<b>Activity</b>	<b>Success Measure</b>	<b>District Strategic Objectives</b>
17.	<p><b><u>TVMWD Grant Funding Opportunities and Water Conservation Support Programs</u></b>                      Continue to actively pursue grant opportunities to support capital projects and conservation programs. Continue to promote all water conservation programs on behalf of our Member Agencies.</p>	<ul style="list-style-type: none"> <li>• Pursue State and Federal grant funding opportunities for applicable initiatives and projects</li> <li>• Promote MWD funding for programs and rebates</li> <li>• Support Member Agency Conservation Coordinators' (MACC) group and provide current industry topics for the benefit of the member agencies</li> <li>• Provide outreach in support of conservation initiatives and current drought</li> <li>• Participate in new CET group for the benefit of our member agency cities</li> </ul>	1.3, 3.1, 3.3
18.	<p><b><u>Develop and Maintain Infrastructure to Provide Reliability</u></b>                      Collaborate with member agencies to address infrastructure needs</p>	<ul style="list-style-type: none"> <li>• Develop Miramar Pumpback upgrades to provide 100 percent reliability to State Water Project constrained areas to address both supply interruptions and planned long term system shutdown.</li> <li>• Collaborate with member agencies and Metropolitan to identify infrastructure limitations and seek avenues to achieve long term reliability</li> </ul>	1.1, 1.3, 1.4, 1.5, 2.1

**RESOLUTION NO. 23-06-965**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
HONORING LIZ COHN FOR 18 YEARS OF SERVICE AT  
THREE VALLEYS MUNICIPAL WATER DISTRICT**

**WHEREAS**, Elizabeth “Liz” Marie Cohn has proudly served with distinction as a Senior Financial Analyst of Three Valleys Municipal Water District (“TVMWD”); and

**WHEREAS**, Liz began her career with TVMWD on March 4, 2005, as a Financial Analyst and was reclassified to Senior Financial Analyst in July 2008; and

**WHEREAS**, she assisted annually with TVMWD’s annual financial audits, budget preparation, 2020 Urban Water Management Plan, and special projects; and

**WHEREAS**, she played a significant role in TVMWD achieving their mission to supplement and enhance local water supplies to meet our region’s needs in a reliable and cost-effective manner; and

**WHEREAS**, throughout her years of service, Liz demonstrated unwavering loyalty and dedication to the staff and board members of the district; and

**WHEREAS**, she served as a faithful and reliable member agency liaison, exhibiting a high level of courtesy and professionalism; and

**NOW THEREFORE BE IT RESOLVED** that we, the Directors of Three Valleys Municipal Water District, hereby recognize and congratulate Liz for her 18 years of dedicated service to Three Valleys Municipal Water District.

**ADOPTED** and **PASSED** at a meeting of the Three Valleys Municipal Water District’s Board of Directors, on this 7<sup>th</sup> day of June 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Jody Roberto, President

ATTEST:


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Carlos Goytia, Secretary

SEAL:

**BOARD ACTION**

## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** **Approve Policy Manual Update**

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Funds Budgeted: \$

Fiscal Impact: \$

### **Staff Recommendation**

**The Board will consider approval of the updated Policy Manual.**

### **Discussion**

The Policy Manual was last updated in January 2023 modifying language to Section 2.3 Board of Directors – Organization. At the request of Board Members, additional modifications have been made to Policy Manual Sections 2.3, 2.5 and 2.8

Section 2.3 Board of Directors – Organization. Specifically, Section Language was added to confirm the typical duties of the President to include reviewing and approving all board meeting agendas before publicly posting the meeting agenda.

Section 2.5 Board of Directors - Norms of Conduct and Communication. A new section, Section 2.5.6, was added clarifying the process for individual directors requesting the addition of future agenda items to only occur during board meetings when “Future Agenda Items” section of the meeting agenda are under consideration.

Section 2.8 Board of Directors – Reimbursement. Specifically, Sections 2.8.1.b and 2.8.3.b.2 have been updated to reflect mileage reimbursement for use of a Board Member’s own automobile for approved compensated and non-compensated meetings. Board Members are currently reimbursed mileage for approved compensated meetings only. Mileage is reimbursed from each Board Members fiscal year budget limit of \$7,500.

**Environmental Impact**

None

**Strategic Plan Objective(s)**

3.3 Be accountable and transparent with major decisions.

**Attachment(s)**

Exhibit A – Policy Manual revised June 2023

**Meeting History**

Board of Directors Meeting, May 17, 2023, Informational Item

NA/ML



# Policy Manual 2023

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A handwritten signature in blue ink, appearing to read "M. Litchfield", is positioned above the name of the General Manager.

**Matthew H. Litchfield, P.E.**  
**General Manager/Chief Engineer**

## Table of Contents

<b>1.</b>	<b>PURPOSE AND ORGANIZATION .....</b>	<b>1</b>
1.1.	Mission .....	1
1.2.	Vision Statement .....	1
1.3.	Core Values.....	1
1.4.	Functions and Powers .....	1
1.5.	Member Agencies as Customers .....	2
<b>2.</b>	<b>GOVERNANCE.....</b>	<b>3</b>
2.1.	Board of Directors - Principal Functions .....	3
2.2.	Election.....	3
2.3.	Board of Directors – Organization .....	3
2.4.	Board of Directors - Public Meetings .....	4
2.5.	Board of Directors - Norms of Conduct and Communication .....	5
2.6.	Board of Directors - Orientation Meeting.....	8
2.7.	Board of Directors - Compensation .....	8
2.8.	Board of Directors – Reimbursement.....	10
2.9.	Board of Directors - Ethics Training .....	14
2.10.	Board of Directors – Workplace Harassment Training.....	15
2.11.	Board of Directors – Governance/Management Connection.....	16
<b>3.</b>	<b>GENERAL MANAGER AND STAFF.....</b>	<b>17</b>
3.1.	General Policy .....	17
3.2.	General Manager Authority - Limits Set by Board .....	17
3.3.	Safety.....	17
3.4.	Loyalty Oath.....	17
<b>4.</b>	<b>WATER PLANNING AND SUPPLY .....</b>	<b>18</b>
4.1.	General Policy .....	18
4.2.	Water Management Plan.....	18
4.3.	Water Quality .....	18
4.4.	Water Use Efficiency, Public Outreach & Water Conservation.....	18
<b>5.</b>	<b>CAPITAL IMPROVEMENTS .....</b>	<b>19</b>
5.1.	Service Connections .....	19



5.2. **System Maintenance and Repairs** ..... 19

5.3. **Other Capital Improvements** ..... 19

6. **FINANCIAL INTEGRITY** ..... 20

6.1. **General Policy** ..... 20

6.2. **Annual Budget** ..... 20

6.3. **Rates, Charges, Assessments and Penalties** ..... 20

6.4. **Reserves** ..... 21

6.5. **Investment of Funds** ..... 21

6.6. **Risk Management** ..... 21

6.7. **Audit** ..... 22

7. **PUBLIC INVOLVEMENT** ..... 23

7.1. **General Policy** ..... 23

7.2. **Public Information and Education** ..... 23

7.3. **District Spokesperson** ..... 23

7.4. **Requests for Public Records** ..... 23

APPENDIX A Resolutions and Motions Superseded by Adoption of this Policy .....i

APPENDIX B End Notes ..... iii

APPENDIX C ..... Policy Addendums29

## **1. PURPOSE AND ORGANIZATION**

### **1.1. Mission**

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.<sup>1</sup>

### **1.2. Vision Statement**

The District meets its regional water supply needs through:

- 1.2.1. Collaboration with its member agencies to understand their short-term and long-term needs
- 1.2.2. Development and implementation of a plan to address these needs in a cost-effective manner based on current water conditions
- 1.2.3. Periodic update of the plan as needed or as major changes in water conditions occur
- 1.2.4. Adaptive management strategies that seek a combination of operational and cost efficiency.<sup>1</sup>

### **1.3. Core Values**

The Core Values of Three Valleys Municipal Water District are as follows:

- 1.3.1. Teamwork – The coordination, collaboration, participation and understanding of everyone's role in fulfilling the mission and vision.
- 1.3.2. Communication – The exchanging of information and sharing of ideas.
- 1.3.3. Customer Service – The process of ensuring customer satisfaction.
- 1.3.4. Personal Responsibility – Being accountable for something within one's control.
- 1.3.5. Professional Integrity – The manner in which people behave and act in the workplace.
- 1.3.6. Employee Development – The steps taken to encourage each employee's professional and personal growth.
- 1.3.7. Innovation – The process of inventing or introducing something new.
- 1.3.8. Recognition – Appreciating the value of an achievement.

### **1.4. Functions and Powers**

The District is a Municipal Water District, organized under and subject to the provisions of the Municipal Water District Law of 1911.<sup>2</sup> The District's primary functions are to acquire, control, distribute, store, purify, and conserve water for the beneficial use of its entire area (Water Code Sections 71610-71612). The District has the power of eminent domain (Water Code Sections 71693-71694); the right to acquire, use, and dispose of easements and other interests in real property (Water Code Sections 71690-71691); the right to use the public right-of-way for operating facilities (Water Code Sections 71695-71698); the power to fix water rates and fees (Water Code Sections 71613-71617); incur bonded indebtedness (Water Code

Sections 71312.5, 72028-72028.4, 72073-72077); levy standby charges (Water Code Sections 71630-71637, 71638-71638.4, 71639; Government Code Sections 54984-54984.9); impose water replenishment assessments (Water Code Sections 71682-71689.9), special taxes (Water Code Sections 72090-72099), and utility taxes (Water Code Sections 72072-72072.12); and the authority to issue bonds for system maintenance and development.<sup>3</sup> The District also has the power to sue or be sued (Water Code Sections 71750-71752), and to contract (Water Code Section 71592), and to enter into a variety of legally recognized relationships with other public and/or private entities (Water Code Sections 71720-71723). The District exercises its power to generate electricity for direct use and for sale to other parties and reserves the right to exercise other latent powers in the future.<sup>4</sup> As a member public agency of the Metropolitan Water District of Southern California, the District is entitled to certain rights and privileges, and may be responsible for carrying out certain duties.<sup>5</sup>

### **1.5. Member Agencies as Customers**

The District wholesales water for the benefit and use of its customers (commonly referred to as “Member Agencies”). Member Agencies include: Golden State Water Company; Rowland Water District; Walnut Valley Water District; Valencia Heights Water Company; Boy Scouts of America; California State Polytechnic University, Pomona; Mount San Antonio College; Suburban Water Systems; Covina Irrigating Company and the cities of Covina, Glendora, La Verne, and Pomona. For the benefit of any or all of these Member Agencies, the District may also sell water to a Watermaster that administers a court judgment, and/or a Joint Powers Authority with any of these Member Agencies as a participating member. Through the Member Agencies, water is provided to the following cities or unincorporated areas: Charter Oak, Claremont, Covina, Covina Hills, Diamond Bar, Glendora, Industry, La Puente, La Verne, Pomona, Rowland Heights, San Dimas, Walnut and West Covina. Any significant initiation or change of service, change in boundaries, sphere of influence, jurisdiction, or organization, must be approved by the Local Agency Formation Commission for Los Angeles County (LAFCO).<sup>6</sup>

## 2. GOVERNANCE

### 2.1. Board of Directors - Principal Functions

The major functions of the Board of Three Valleys Municipal Water District are to define District goals and objectives; to act as custodian of District property and resources; to establish District policies; to review all District operations; to direct the development of management plans; to employ the General Manager of the District who shall implement the goals, plans and policies established by the Board of Directors; and to communicate with the District's Member Agencies and the general public (Water Code Sections 71270-71314). Policies that supplement obligations of the District as set forth in the law are established by ordinances, resolutions, or motions passed by the Board of Directors.<sup>7</sup>

### 2.2. Election

A seven-member Board of Directors governs the District.<sup>8</sup> Directors are elected to four-year terms at elections in November of even-numbered years. Elections are staggered, with Directors for Divisions I, III, and V elected at one election and the Directors for Division II, IV, VI, and VII elected at another election. A candidate for the Board of Directors must be a resident of the District, as well as the Division the candidate wishes to represent.

Candidate Statements of Qualification, which appear on sample ballot pamphlets, are limited to 200 words [California Water Code Section 71505; California Elections Code Sections 10540 and 13307(a) (1)]. The District does not pay any costs associated with the printing, mailing and/or handling of these.<sup>9</sup>

If an incumbent Board member is unchallenged in an election, the District will be notified that the Los Angeles County Board of Supervisors will appoint him or her to a new term.<sup>10</sup>

The events causing a vacancy before the expiration of a Director's term are set forth in California Water Code Section 71250.5 and California Government Code Section 1770. Procedures contained in the California Government Code allow a vacancy to be filled by appointment by the remaining Board, or by election, or by appointment by the Los Angeles County Board of Supervisors.<sup>11</sup>

### 2.3. Board of Directors – Organization

At its first meeting in in the month of January of each-odd-numbered year, the Board shall elect one of its members President. The term of the Board President shall generally be two years, but may be extended by the Board for an additional year. At its first Board meeting in January of each year, the Board of Directors elects from among its members a President (if required that year), Vice-President, Secretary, and Treasurer.<sup>12</sup> Roles and responsibilities of these officers are as follows:

President: The President presides over all public meetings as well as all workshops and ensures all proper parliamentary procedures are followed during public meetings and workshops. The President shall serve as the spokesperson for District policy and other board related issues. The President signs contracts binding on the District as well as all board-approved resolutions,

ordinances and minutes. The President signs all District checks. The President approves all Board meeting agendas to the extent not inconsistent with Board direction prior to official public posting of the meeting notice.

Vice President: The Vice President carries out the duties and responsibilities of the President when the President is not available to perform those duties.

Secretary: The Secretary is responsible for signing all board-approved resolutions and ordinances.

Treasurer: The Treasurer is responsible for reviewing the District's financial institution statements on a monthly basis and reconcile the statements to the monthly reports prepared by staff.

The Board of Directors' selects or confirms District representatives to the following:

- (1) Metropolitan Water District of Southern California (MWD)
- (2) San Gabriel Valley Basin Water Quality Authority (WQA) – selected representative serves a four-year term designated by resolution.
  - a. The representative/alternate members of these two Boards serve at the pleasure of the Three Valleys Board of Directors.

Following the election of officers, the Board of Directors shall appoint District representatives to the following:

- (1) Main San Gabriel Basin Watermaster
- (2) Chino Basin Watermaster
- (3) Six Basins Watermaster.

All Board Members serve on the TVMWD Financing Corporation.

Members of the Board of Directors may also be appointed as the District's representative/alternate to observe at other organizations, which shall be listed and approved by the Board of Directors. All assignments are for the calendar year and begin on January 1. The Board President may defer action on appointing representatives / alternates for up to 60 days. Predecessors will serve in their assigned role as representative or alternate until replaced.

#### **2.4. Board of Directors - Public Meetings**

Regular Board meetings are generally held on the first and third Wednesday of each month at 8:00 a.m. at the District Headquarters, 1021 E. Miramar Avenue, Claremont, California.

The District's meetings of the Board of Directors are subject to the requirements of the Ralph M. Brown Act.<sup>13</sup> To clarify and supplement the Brown Act and to ensure that the Board's deliberations and the District's operations are open to the public to the full extent permitted by law, the Board originally adopted Ordinance No. 3-01-8, superseded by Ordinance No. 13-04-20 and most recently amended it with Ordinance No. 21-02-22 (aka Sunshine Ordinance).

Robert's Rules of Order provide guidance for the conduct of the Board's business except where otherwise provided by resolution, law, order, or motion of the District. The Board President will rule on all matters of procedure, with the advice of legal counsel.

Except as set forth in California Government Code Section 54954.2, the Board of Directors will only consider items placed on the public agenda for each Board meeting. During its meetings, the Board of Directors may go into a closed session to discuss confidential personnel matters, labor negotiations, possible litigation, or matters related to attorney-client privilege. The President or a majority of the Board of Directors may call a Special Board Meeting.

District legal counsel attends meetings as requested by the Board of Directors or the General Manager. All legal counsel directives shall go through the Board of Directors or the General Manager. The General Manager may delegate to other employees the authority to request legal counsel for certain routine matters, such as review of contracts and agreements.

## **2.5. Board of Directors - Norms of Conduct and Communication**

- 2.5.1. Personal Conduct: The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District. Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. Directors shall, at all times, conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings. Directors shall defer to the Board President for conduct of meetings of the Board, but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board. Directors may request for inclusion into minutes brief comments pertinent to an agenda item, only at the meeting that item is discussed (including, if desired, a position on abstention or dissenting vote). When responding to requests and concerns from Member Agencies and other customers, Directors should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel. Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly. Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively. Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.
- 2.5.2. Conflicts of Interest: The Board of Directors has adopted a Conflict of Interest Code, as required by the California Political Reform Act of 1974, as amended.<sup>14</sup> This Code sets guidelines for the Directors' disclosure of their economic interests to meet requirements of State law. Additionally, Directors shall abstain from participating in consideration of any item involving a prohibited conflict of interest. Unless such a conflict of interest exists, however, Directors should not abstain from the Board's decision-making responsibilities.
- 2.5.3. Campaign Disclosures: District Board members and employees shall not accept,

solicit, or direct a political contribution from (a) existing District vendors, consultants, or contractors, or (b) vendors, consultants, or contractors who have a financial interest in a contract or other matter while that contract or other matter is pending before the District.

The District shall not enter into a contract with a proposed vendor, consultant, or contractor who has made a political contribution to or at the behest of a District Board member or employee.

To ensure full transparency in these matters, the District will request disclosure requirements in its bid processes that will obligate a potential vendor, consultant, or contractor to disclose any material financial relationship they may have or may have had with a District Board member or employee that includes, but is not limited to, payment of a salary or commission and/or donation to his or her political campaign.

2.5.4. Communication of Views and Positions: The Board of Directors is committed to providing excellence in leadership and the highest quality of service to its member agencies and customers.

2.5.5. The Board of Directors shall observe the following:

- a. The dignity, style, values and opinions of each Director shall be respected. Responsiveness and attentive listening in communication is encouraged.
- b. The needs of the public and the District's Member Agencies and other customers should be the priority of the Board of Directors.
- c. Directors should commit themselves to emphasizing the positive, avoiding double talk, hidden agendas, gossip, backbiting and other negative forms of interaction.
- d. Directors commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocs based on personalities rather than issues will be avoided.
- e. Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, in a constructive and forthright manner. Once the Board of Directors takes action, Directors should commit to support said action and not create barriers to the implementation of said action.

2.5.6. Future Agenda Items: Directors who wish to have an item placed on a future Board meeting agenda shall only request the item during open session of a regular Board meeting under the "Future Agenda Items" section of the agenda for that meeting.

2.5.6.2.5.7. Involvement in Elections: The District does not contribute funds directly or indirectly to candidates for elected public office [Government Code Section 3205(a)]. Furthermore, the District prohibits any political activity of officers or employees of the District during working hours or on the premises of the District

[Government Code Section 3207].

~~2.5.7.~~2.5.8. Board Discipline: In the exercise of its discretion, the District's Board of Directors, by affirmative vote of five (5) of its members, may censure any of its members for a period of time deemed appropriate by said super majority of the Board of Directors. Unless otherwise prohibited by law, the maximum penalty that may be imposed upon the censured Director by said supermajority of the Board of Directors during the period of such censure shall be the following:

- a. The suspension of all spending of District funds by the censured Director and of all reimbursement from District funds of any costs incurred by the censured Director, unless otherwise allowed by the Board of Directors.
- b. The removal of the censured Director from service on all committees and other assignments on behalf of the District and/or the Board of Directors, unless subsequently authorized by the Board of Directors and/or the President of the Board of Directors.
- c. The withholding of all compensation by the District to the censured Director except as otherwise allowed for attending meetings of the District's Board of Directors and other meetings subsequently authorized by the Board of Directors and/or President of the Board of Directors.
- d. The withholding of all or some of the benefits provided by the District to the censured director as determined by the Board of Directors.

~~2.5.8.~~2.5.9. Miscellaneous

- a. The District shall not purchase alcoholic beverages for consumption at meetings of the Board, or functions sponsored by the District.
- b. Directors will be expected to maintain proper decorum and comportment while representing the District.
- c. Subject to California Government Code Section 89001 and Section 18901 of Title 2 of the California Code of Regulations, Directors may use District letterhead for routine correspondence as a normal part of their duties, but are restricted from representing the Board of Directors or from using staff time excessively on all other matters without prior approval by the Board of Directors in an open session. The following guidelines shall apply:
  - 1) Letterhead may not be used for partisan activities or positions or in connection with a director's outside employment.
  - 2) All correspondence will be prepared for a Director by District staff, and a copy will be placed in the next regular Board packet.
- d. If Directors or staff has any question whether the correspondence is routine, it should be submitted to the full Board of Directors for prior approval. The following examples are guidelines for this policy:
  - 1) Board Approval Required: If District letterhead is used to express opinions or positions on which the Board of Directors has not taken an official position, or has an opposing position to that of the Board member, the letter/memo must



state that the position expressed is his/her individual position and does not reflect the official position of the Board of Directors, and a copy must be provided to the Board of Directors for their information prior to mailing the letter/memo out. In addition, if letter/memo subject matter requires excessive use of staff time prior approval is required.

- 2) Board Approval Not Required: If the letter/memo expresses or requests support/opposition to actions in accordance with a Board adopted position; merely makes an inquiry or requests information on a District related matter; may respond to an inquiry or invitation to participate in a District related activity. In addition, approval is not required for thank you letters.
- e. Directors may be provided computer tablet or like devices to conduct District business. Use of these devices shall be limited to District business and any use thereof may be subject to disclosure under the Brown Act and/or Public Records Act.

## **2.6. Board of Directors - Orientation Meeting**

Following the certification of the general election, staff will schedule an orientation with any newly elected Director, or any Director who is re-elected with a lapse of four years or greater. The purpose of the orientation will be to review, but not limited to, the following: The Ralph M. Brown Act, Robert's Rules of Orders, Conflicts of Interest, Directors' Compensation, Directors Travel and Reimbursement, a general review of Board Policies, Ethical behavior and conduct. Additionally, a facility tour will be scheduled to share information regarding TVMWD's operations and projects that are underway.

### 2.6.1. District of Distinction

TVMWD was originally awarded the District of Distinction designation by California Special Districts Leadership Foundation during 2014; this designation is recertified every three years. In order to maintain this designation all newly elected Directors are required to complete six hours of Governance training. Staff will work with newly elected Directors during the first quarter following their installation to coordinate this required training.

## **2.7. Board of Directors - Compensation**

Pursuant to California Water Code, Section 20200 et seq., Three Valleys Municipal Water District has limited its compensation each Director shall receive as permitted by State law in an amount not to exceed \$200 per day for each day's attendance at meetings of the Board of Directors and Board authorized agency or committee meetings, and water related meetings, seminars and workshops which the Board of Directors determines are of benefit to the District, or for each day's service rendered as a Director that has a substantial relationship to the District's purpose (Ordinance No. 2-07-15 adopted on February 21, 2007), not exceeding a total of ten (10) days in any calendar month (Ordinance No 2-01-7 adopted on February 7, 2001).<sup>15</sup>

- 2.7.1. For purposes of determining eligibility for compensation, the term "meeting" as used herein is defined as a meeting reasonably necessary to further the interests of

the District and its projects that afford an opportunity for Directors to discuss many issues informally with other agencies and leaders in the community and achieving a goal of maintaining consistent, effective and open channels of communication with other entities, including the following:

- a. Any occurrence that is listed in Government Code Section 53232.1(a):
    - 1) A regular, special, or emergency meeting of the Board;
    - 2) A meeting of a standing, ad hoc, or advisory committee of the Board;
    - 3) A conference, seminar, or organized educational activity involving matters related to functions and operations of the District.
  - b. Other occurrences:
    - 1) Any meeting of an agency where the District has appointed a specific representative.
    - 2) Conference calls to discuss matters related to the functions and operations of the District.
    - 3) Any other meetings determined by the Board to be reasonably necessary in furthering the interests of the District.
- 2.7.2. Compensation for a day of service will be permitted on the day before and/or the day after a meeting or conference if circumstances required the Director to travel on the day before and/or after.
- 2.7.3. Meetings must be relevant to the District and constituents the Director is elected to serve.
- a. Fundraising and other campaign type events for state-level and federal-level campaigns for elected officials are not compensable.
- 2.7.4. To receive compensation for attendance or participation at approved meetings, a Board member shall:
- a. Submit their expense reports for the preceding calendar month to the District's General Manager or designee by the fourth calendar day following the end of the month.
  - b. Directors may list compensated and non-compensated meetings, but will only receive compensation on meetings as listed above in Section 2.7.
  - c. Provide a brief written report justifying how the meeting was reasonably necessary to further the interests of the District. Include descriptive information such as other TVMWD directors in attendance, name of person(s) the meeting was with and agency or organization affiliation.
  - d. Directors are expected to be on time for each meeting and participate for the entire duration of each meeting, unless an emergency or unexpected situation requires the Director to arrive late or leave the meeting early.
  - e. Request compensation for each meeting at \$200.

The Board will consider approval of compensation at the monthly Board meeting

the following month.

- 2.7.5. If a Director is unable to attend a meeting for which they have been appointed to represent the District, they are to notify staff in a timely manner to contact the designated alternate to attend. The WQA, Chino Basin Watermaster and Six Basins' alternate representatives are expected to attend meetings of those agencies regularly.
- 2.7.6. The TVMWD Director serving as an MWD Director, may receive compensation for each day's attendance at meetings of the MWD Board and committees, in the same amount and upon the same terms as is provided with respect to service on the Board of Directors of the District.<sup>16</sup>
- 2.7.7. Compensation is not to exceed a total of ten (10) days in any calendar month. Where two (2) or more meetings, including meetings of MWD and the District, occur on the same day, it shall count as one day's service for purposes of compensation. Miscellaneous expense reimbursement requests of the MWD Director should be made to MWD.

## **2.8. Board of Directors – Reimbursement**

The District shall reimburse Board members for costs incurred related to attendance or participation at meetings as defined in section 2.7.4, as provided herein.

- 2.8.1. Eligible Expenses: Expenses eligible for reimbursement shall be limited to:
  - a. Registration costs, or other charges for participation at the meeting;
  - b. Transportation to and from the meeting, including airfare, car rental, ~~or mileage for use of a Board member's own automobile~~, and other miscellaneous transportation costs (shuttle, taxi, train, Uber, Lyft, parking, etc.). Mileage for use of a Board Member's own automobile for approved compensated and non-compensated meetings.
  - c. Lodging at the single-room rate; and
  - d. Reasonable costs of meals (see section 2.8.3 d).
- 2.8.2. Budget Limits: The maximum amount of District-paid expenses that each Board member may annually incur without separate prior Board approval is \$7,500 each fiscal year (Resolution No. 18-04-823, adopted April 18, 2018).
- 2.8.3. Reimbursement Rate:
  - a. Registration and Meeting Charges

The District reimbursement rate for registration or other charges for participation at a meeting shall be the actual amount incurred, not to exceed the maximum rate published by the conference or activity sponsor or timely registration after applying all applicable deductions for any available discounts. Registration and meeting charges incurred by the District shall be reflected on a monthly status report issued to each Board member. In the event that a Board member must withdraw from a conference or activity after registration and payment has been made, and a refund

or credit may not be obtained from the organizing group or agency, the expense will be charged against the Board members annual budget limit of \$7,500. However, if a credit may be obtained and applied by the District for a future conference or activity of the same type or by the same organization, the expense account of the Board member will not be debited until such time that the credit is applied or expires, if applicable.

Directors are encouraged to work with assigned staff to coordinate registration at all meetings to ensure consistency, as well as to ensure that all applicable discounts are applied. It is important to register within the prescribed deadlines as a courtesy to those outside entities planning the events. Requests to attend an event after a prescribed deadline passes will be the sole responsibility of the director, including any related costs, which may be submitted for reimbursement with proper documentation on the monthly expense report. Directors may not direct outside entities to bill the District for events they have attended without working through the District first.

Directors are encouraged to utilize payment administered by the Executive Assistant when registering for conferences and events. If a Director pre-registers and pays for the conference or event on their own, reimbursement for that expense will not be considered until the reimbursement form is submitted the month following the conference or event.

b. Transportation

- 1) Members of the Board must use government and group rates offered by a provider of transportation services for travel when available. If such rates are not available, the reimbursement rate for Board member transportation shall be the actual amount incurred, not to exceed the cost of round-trip coach air fare.
- 2) Reasonable private vehicle expenses are reimbursable up to the cost of coach airfare and the attendant cost of ground transportation. Vehicle versus airfare costs are expected to be documented to verify reimbursement is the most economical. A Board member may not appropriate a District vehicle solely for his or her own individual use as a means of transportation to conferences or seminars. Mileage reimbursement shall be given for approved compensated and non-compensated meetings when personal vehicles are used for District business. The District reimbursement rate for mileage by use of a Board member's own vehicle shall be calculated on the basis of total miles driven for District purposes at the rate specified in the Internal Revenue Code in effect at the time of the vehicle usage. ~~Mileage will only be reimbursed for meetings approved for compensation as outlined in Section 2.7.~~
- 3) The District reimbursement rate for vehicle parking by a Board member shall be the actual amount incurred.
- 4) If an alternative private aircraft is used in lieu of commercial air travel, written documentation of actual cost incurred by the director must be provided along

with comparison of the lowest commercial air charges. If additional supplemental ground transportation such as taxi or shuttle would normally be required to reach the destination, these charges may be included at the lowest rate for comparison purposes. All efforts should be exercised to obtain comparison rates at least 21 days prior to scheduled travel date to obtain the lowest rates. The latest comparison date permitted will coincide with the latest published RSVP date for any scheduled event and/or conference. Note: if there is no direct cost to the Director for the alternate private aircraft, the expense is not subject to reimbursement, and, may be subject to gift limitations and filing on the annual Form 700-Statement of Economic Interest form.

c. Lodging

Members of the Board must use government and group rates offered by a provider of lodging services when available. If the lodging is in connection with an accepted conference or organized educational activity, lodging costs must not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of the Board at the time of booking. If a government or group rate is not available, the District reimbursement rate for Board member lodging shall be the actual amount incurred, not to exceed the rate for comparable lodging. No reimbursement requests will be approved for lodging expenses incurred within the District's service area. However, lodging costs will be paid by the District under the following circumstances:

- 1) The Board member is attending a conference or other qualifying function held more than 50 miles from their home; OR
  - a. Lodging for the night before will be reimbursed if the Board member would have needed to leave their home before 6am;
  - b. Lodging for the night of will be reimbursed if the Board member would have arrived home that night after 7pm.

Lodging requests not covered by this section will not be reimbursed, except upon authorization of the Board given at a public meeting. Actual and reasonable lodging expenses will be reimbursed only for authorized personnel and as such will not be reimbursed for guests or family members of the authorized personnel. Where reasonably possible, lodging will be obtained in proximity to the conference or function site. In most cases, lodging should be arranged and paid for through the District. With adequate notice, staff is able to arrange for prepayment of authorized charges via the District credit card. Staff will be unable to acquire any lodging for events that are requested after the prescribed RSVP deadline has passed.

- 2) At some conference venues, a Director may have access to alternate lodging due to the availability of time shares, a secondary residence, etc. Reimbursement for any alternate lodging is limited to the cost of scheduled actual conference lodging costs or the lesser of the two venues. Documentation in the form of a receipt paid for alternate lodging must be provided to receive

reimbursement.

d. Meals

The District reimbursement rate for Board member meals shall be the actual amount incurred, not to exceed \$100.00 per day's service. The District does not pay for or reimburse for alcoholic beverages. When the District pays for meals, which are included in a conference/seminar registration packet, outside meals will not be reimbursed.

1) Gift Acceptance

On occasion at different events and/or conferences, a Director may be extended an invitation to a meal function. These meal functions, when not part of the paid conference or event, may be subject to gift disclosure requirements on an individual Form 700 Statement of Economic Interest form if the amount of the dinner exceeds \$50. The meal host (district vendor, consultant) should be asked to provide written documentation that includes an itemization of items consumed. In the case of hosted alcoholic beverages shared by many (e.g. bottle of wine), the cost of the beverage may be prorated by the total number of guests at the meal function. Alternately, TVMWD will accept this invitation under the guidance of FPPC Form 801 – Payment to agency and complete the required documentation in accordance with the supplemental TVMWD Gift Acceptance policy. If TVMWD completes and files a Form 801, individuals are not required to include the information on their annual Form 700.

2) Distribution of Tickets and Passes

In compliance with the Fair Political Practices Commission Regulation Section 18944.1, when complimentary tickets or passes are conveyed to a Director to attend an event that normally would have been paid for, TVMWD will complete and file FPPC Form 802 – Ceremonial Role Events and Ticket / Pass Distribution. If TVMWD completes and files a Form 802, individuals are not required to include the information on their annual Form 700, in accordance with the supplemental TVMWD Distribution of Tickets and Passes policy.

e. Other

District reimbursement of all other actual and necessary expenses incurred by a Board member shall be computed using the applicable Internal Revenue Service rates for reimbursement as established in Publication 463, or any successor publication. All expenses that do not fall within this reimbursement policy or the Internal Revenue Service reimbursable rates, as provided above, shall be approved by the Board in a public meeting before the expense is incurred. If the Board member chooses to incur additional costs that are above the rates established herein, and those costs have not been approved by the Board in a public meeting before the expense is incurred, then the Board member may do so at his or her own expense.

2.8.4. Ineligible Expenses: The District will not advance cash to a director. Directors will

not be issued District credit cards or car allowances. Board members shall not be eligible for District reimbursement of any expenses incurred by any person traveling or attending a meeting as a guest of the Board member. Any expenses related to meetings not approved by the Board will be deducted from the Director's compensation and reimbursement payment. Gratuity exceeding 15% of the subtotal will be ineligible for reimbursement.

- 2.8.5. Expense Forms: The District shall provide expense report forms to be filed by the members of the Board for reimbursement of actual and necessary expenses incurred on behalf of the District in the performance of official duties. The expense reports shall document that expenses meet the policy reflected in this document for the expenditure of public resources. Board members shall submit their expense reports to the District's General Manager or designee for the preceding calendar month by the fourth calendar day following the end of the month. All reports shall be accompanied by the original, itemized receipts for ancillary expenses such as meals, parking, etc. Costs that normally would not have a receipt (i.e. tips) should be documented on the expense report. Otherwise, missing receipts will not be reimbursed. Approval of Director expenses for the preceding month will be included on the agenda of the Board meeting held on the third Wednesday of each month. All documents related to reimbursable District expenditures are public records subject to disclosure under the California Public Records Act.

## **2.9. Board of Directors - Ethics Training**

### 2.9.1. Requirement:

#### a. Elected Officials

AB1234 was chaptered in 2005, effective January 1, 2006, and requires all elected officials shall receive ethics training within one year of taking office and every two years thereafter. TVMWD holds biennial training during the first quarter of odd years to meet this requirement for its elected officials.

#### b. Staff

TVMWD requires that all regular employees complete ethics training within one year of hire and every two years thereafter. TVMWD holds biennial training during the first quarter of odd years to meet this requirement for its employees. TVMWD may assign Target Solutions ethics training to any employee that is hired during the off-training cycle to insure compliance with this law.

### 2.9.2. Application:

Local Agency Official: As used in Section 2.9.1, the term "local agency official" means all of the following:

- a. All Board members; and

- b. All executive staff of the District.

Ethics Laws: As used in Section 2.9.1, the phrase “ethics laws” includes, but is not limited to, the following:

- a. Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of- interest laws;
- b. Laws relating to claiming perquisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies;
- c. Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws; and
- d. Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

### 2.9.3. District Responsibilities

Records: The District shall maintain records indicating (a) the dates that local agency officials satisfied the requirements of Section 2.9 and (b) the entity that provided the training. The District shall maintain these records for at least five years after local agency officials receive the training. These records are public records subject to disclosure under the California Public Records Act.

Notice: The District is required to provide information on training available to meet the requirements of Section 2.9 to its local agency officials at least once annually.

## 2.10. Board of Directors – Workplace Harassment Training

### 2.10.1. Requirement

#### a. Elected Officials

Effective January 1, 2017, new legislation (AB1661) clarifies an elected officials’ responsibility to complete this training. Within six months of taking office an elected official must complete this training. Thereafter, each Board member must participate in such training at least once every two years.

#### b. Supervisory Staff

All district staff must participate in the District’s program of providing at least two hours of classroom or other effective interactive training and education regarding workplace harassment no later than six months from their first day of service with the District. Thereafter, each district staff member must participate in such training at least once every two years.

#### c. Biennial Training



During the first quarter of odd years, following the General Election, TVMWD will provide training to elected officials and district staff. TVMWD will utilize Target Solutions for interim training for district staff.

#### 2.10.2. District Responsibilities

The training and education required by Section 2.10 shall include information and practical guidance regarding the federal and state statutory provisions concerning the prohibition against and the prevention and correction of workplace harassment and the remedies available to victims of workplace harassment in employment. The training and education shall also include practical examples aimed at instructing District supervisors in the prevention of harassment, discrimination, and retaliation, and shall be presented by trainers and educators with knowledge and expertise in the prevention of harassment, discrimination, and retaliation.

### **2.11. Board of Directors – Governance/Management Connection**

With the exception of the Board's relationship with General Counsel, the Board's sole official connection to the operational organization, its achievements and conduct will be through a chief executive officer, titled General Manager. The Water Code states that the General Manager has "full charge and control" of the District's system, subject to Board approval (Section 71362). The District's definition of "full charge and control" includes technical aspects such as construction, operations, repair and maintenance, and engineering; as well as day-to-day administrative functions such as accounting, billing, and financial services; and management functions over employees, suppliers and consultants. The definition also includes the General Manager's ability to accomplish these functions, and their accountability for them.

The primary, binding authority with respect to the General Manager's role and responsibilities is stated in California Water Code Sections 71362 and 71363. Consistent with that foundational policy, several important policy concepts are highlighted in this and subsequent sections.

Only officially passed ordinances, resolutions, and motions of the Board are binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority. In initiating communication with District staff, Directors should generally contact the General Manager. In the absence of the General Manager, Directors may contact the appropriate management staff member to obtain the requested assistance. Any Board member requests that require substantial work must come to the Board for direction.

The General Manager is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the General Manager. The Board, as a whole, will not give direction to a person who reports directly or indirectly to the General Manager. The Board as a whole will not evaluate, either formally or informally, any staff other than the General Manager. The Board will evaluate the General Manager performance qualitatively, using as guidelines the General Manager's stated annual objectives. Adjustments in the General Manager's remuneration or contract will be consistent with the Board's evaluation of performance and achievement of stated objectives.

### **3. GENERAL MANAGER AND STAFF**

#### **3.1. General Policy**

The General Manager will ensure that conditions for the employees are maintained and conducted in a fair, dignified and organized manner. Also, the General Manager may not:

- 3.1.1. Operate without written personnel rules which: (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as grossly preferential treatment for personal reasons.
- 3.1.2. Retaliate against any staff member for non-disruptive expression of dissent.
- 3.1.3. Fail to acquaint staff with the rules and his/her interpretation of their protections and responsibilities under this policy.

#### **3.2. General Manager Authority - Limits Set by Board**

Within guidelines set by state law, District policy establishing the responsibilities and authority of the General Manager and the responsibilities reserved for the Board of Directors is set forth by Resolution 17-10-811, which is incorporated herein by reference.

#### **3.3. Safety**

The District will maintain a safety program to ensure the protection of the public, contractors and staff from injury and illnesses. The program shall comply with applicable federal and state laws.

#### **3.4. Loyalty Oath**

In accordance with the Government Code 3100 et seq. all public employees are classified as “disaster service workers” and are required to take a public employee oath upon hire. Failure to subscribe to the oath will null and void the offer of employment by the District. The Code states that all disaster service workers shall, before they enter upon the duties of their employment, take and subscribe to the oath.<sup>17</sup>

## **4. WATER PLANNING AND SUPPLY**

### **4.1. General Policy**

In the pursuit of its mission, the TVMWD Board of Directors has articulated some objectives related to water planning and supply. These objectives form the general water planning and supply policy of the District:

- 4.1.1. Assure an adequate, safe and reliable supply of imported and local water that meets the needs of our customer agencies.
- 4.1.2. Provide leadership in addressing and resolving water supply, water quality and infrastructure issues affecting water agencies in the District's service area and region. Serve as collaborator, facilitator, and integrator of the interests of water agencies and other stakeholders within the District's service area and region.
- 4.1.3. Prepare and implement long range plans that meet District and member needs, while distributing the benefits and costs equitably.

### **4.2. Water Management Plan**

In accordance with State law, the District prepares an Urban Water Management Plan as a comprehensive assessment and description of the District's ultimate needs for water and plan for the provision of related facilities and water management actions. The content and development process of the Plan shall be consistent with, but may surpass, the elements prescribed by the Urban Water Management Planning Act.<sup>18</sup>

### **4.3. Water Quality**

Drinking water provided by the District shall be of the highest quality possible at a reasonable cost, but shall at no time violate any adopted federal or state primary or secondary drinking water standard.

Drinking water quality may sometimes be protected effectively at the source, or in the watershed from which it is withdrawn for human use. Therefore, it is the policy of Three Valleys Municipal Water District to promote the protection and, when appropriate, the enhancement or restoration of watershed and groundwater resources of the region.

### **4.4. Water Use Efficiency, Public Outreach & Water Conservation**

The District actively promotes the achievement of a high level of efficiency by all types of retail water users, by supporting water conservation planning and project implementation at the regional and local levels. Also, the District will endeavor to maintain an active and comprehensive approach in its outreach efforts by participating in a wide variety of activities throughout the service area.

## **5. CAPITAL IMPROVEMENTS**

### **5.1. Service Connections**

It is the District's policy to facilitate the construction of new imported water connections as needed. The approval, design, and construction of new service connections to Metropolitan Water District (MWD) facilities shall comply with applicable sections of MWD's Administrative Code. The District shall be responsible for all approvals, design, and construction of new service connections to District-owned facilities. Although the District may consider appropriate funding arrangements, such as funds from state or federal grants or loans, in collaboration with the benefiting agency(ies), the cost of design and construction is the responsibility of the local agencies in proportion to their benefit.

### **5.2. System Maintenance and Repairs**

District policy is to plan, budget money for, and implement a thorough program of maintenance and repair for all District facilities, to achieve the goal of keeping all equipment, machinery, and processes in good working order.

### **5.3. Other Capital Improvements**

The District may undertake the design and construction of capital improvements that provide regional water resource or water quality benefit. The costs of such projects may be shared with those directly benefiting from the project or may be wholly included in the District's budget. Funding may be rate-based, from grants or other outside sources.

## **6. FINANCIAL INTEGRITY**

### **6.1. General Policy**

Consistent with District policies established herein, the General Manager as the Chief Executive Officer of the District shall ensure that Three Valleys Municipal Water District meets all laws, regulations, and sound financial management practices.

### **6.2. Annual Budget**

The General Manager shall annually prepare and follow a budget in which anticipated expenses do not exceed anticipated revenues. Budget preparation will include ample consultation with member agencies, before its approval by the Board of Directors.

### **6.3. Rates, Charges, Assessments and Penalties**

The Board of Directors shall set rates, charges, assessments and penalties in accordance with its mission, state law, and prudent fiscal management practices. Invoices for water deliveries shall be done on a monthly basis. Invoices shall be mailed no later than the twelfth (12th) working day of the month following the month in which water was delivered. The invoice shall indicate the mailing date (invoice date), the month for which the charges were incurred, the total amount of water delivered for each class of service, and the total amount of charges and water delivered. Payment of the amount shown on such invoices shall be due in the month following mailing and shall be delinquent if not received by the Chief Finance Officer (CFO) of the District before the close of crediting activity five (5) business days prior to the last business day of the month following such date of mailing. The term "business day" shall mean any day other than a Saturday, Sunday, or holiday. The term "received by the CFO" shall mean receipt either (1) at the District headquarters or (2) by crediting to the District's general demand account at the office of the District's bank in such form that the funds are immediately available for investment or other use or disposal by the District. The term "close of crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the Office of the CFO of District headquarters, or (2) the cutoff time for crediting by the District's bank of the day's transactions if payment is initiated by wire transfer, inter-branch transfer, direct deposit, or by other means pursuant to advance agreement with the CFO. In the event that a mistake is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action, except that no mistake made more than five (5) years prior to its discovery shall be corrected. If an incorrect invoice has been issued to a member agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest. All invoices are due and payable as described and any dispute concerning the amount due should be filed with the District immediately. In the event any member agency shall be delinquent in the payment for water delivered by the District, or through an MWD connection, and/or other charges levied, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof (days delinquent divided by 30) that such payment remains delinquent shall be assessed, and the member agency shall pay such charge to the District in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of

delinquency does not exceed five (5) business days, the additional charge shall be equal to one (1) percent of such delinquent payment. Invoices for delinquencies including additional charges shall be mailed not later than the tenth day of each month. In the event that any member agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors at its next meeting. The Board of Directors, in its discretion and upon such other conditions as it may prescribe after giving the member agency a reasonable opportunity to be heard, may order the termination of service to such member agency until all delinquent payments, including additional charges, is made to the District, or the Board of Directors may authorize such other actions as may be legally available to effect collection.

#### **6.4. Reserves**

The District will maintain sufficient revenue to meet its operating expenses, debt service and depreciation expenses and hold cash and/or other investments in reserve. Reserves will be segregated into various funds for specified purposes according to the District's Investment Policy and in compliance with state and federal laws. They will include committed reserves for specific, ongoing capital projects, non-spendable reserves invested in capital assets, restricted reserves for debt service, and assigned reserve funds made up of the following Board designated categories:

Board Elections	Opportunity	Employee Benefits
	Emergency	Capital Investment Program
Water Rate Stabilization	Board Election	Opportunity
Employee Benefit		

#### **6.5. Investment of Funds**

Funds accumulated temporarily by the District to finance planned improvements, along with operating reserve funds, are invested in instruments and accounts as allowed by the California Government Code and in conformance with adopted District investment policy.<sup>19</sup> Management of non-cash investments shall be administered by a competitive investment manager. Custody of the investments shall be administered by a competitive investment manager.

The General Manager shall render an annual statement of investment policy to the Board of Directors. The General Manager shall also render a quarterly report to the Board of Directors showing the type of investment, date of maturity, amount of deposit, and current market value for all securities with a maturity of more than twelve (12) months, and the rate of interest.

#### **6.6. Risk Management**

The District will identify, analyze and implement reasonable techniques to protect against the adverse financial effects of accidental losses, including the purchasing of insurance, contractual transfer, exposure avoidance and retention of unfunded reserves.

**6.7. Audit**

The District will contract with a reputable public accounting firm to conduct an annual audit of its financial activities using a Certified Public Accountant familiar with the operations of a municipal water district in California. The audit will be made available for review by member agencies and the public and will comply with the Generally Accepted Accounting Principles (GAAP) in addition to state and federal law.

## 7. PUBLIC INVOLVEMENT

### 7.1. General Policy

It is the policy and desire of the Board of Directors that the public is kept adequately informed as to District activities, thus promoting public confidence in the District.

### 7.2. Public Information and Education

The District endeavors to inform and educate its various “stakeholders” on general, historical, and current issues through multiple means, including: open, public meetings; the media; and, various educational forums including, but not limited to, District-sponsored tours, tri-annual leadership breakfasts, and conservation education classes.

### 7.3. District Spokesperson

The General Manager is the principal spokesperson for the District, and the President of the Board shall serve as the spokesperson for District policies and other board related issues. Some of this responsibility may be delegated to others, as appropriate.

### 7.4. Requests for Public Records

- 7.4.1. All District records and documents not deemed to be exempt under the California Public Records Act (“the Act”), California Government Code Section 6250 et seq., shall be open to the public for inspection and copying pursuant to the requirements of the Act and the procedures established herein.
- 7.4.2. Any person who wishes to inspect or copy any document or record of the District shall submit or unequivocally convey such a request to the District which reasonably and particularly describes an existing and identifiable record. The person seeking the record may, but need not, state his or her reason for making the request and/or the use to which the information will be put.
- 7.4.3. When a member of the public requests to inspect a public record or obtain a copy of a public record, the District, in order to assist the member of the public make a focused and effective request that reasonably describes an identifiable record or records, shall perform all of the following, to the extent reasonable under the circumstances:
- a. Assist the member of the public to identify records and information that are responsive to the request or to the purpose of the request, if stated;
  - b. Describe the information technology and physical location in which the records exist; and
  - c. If the requested record exists on the TVMWD website, the requester may be directed to the website to obtain the item; however, requests to inspect or request a copy of the record shall be accommodated.
  - d. Provide suggestions for overcoming any practical basis for denying access to the records or information sought.



- 7.4.4. If the District receives a request for approved minutes, publicly-posted agendas, adopted budgets, and/or other simple, routine, and otherwise readily-available documents in the District's immediate possession, said records shall be released to the party so requesting for inspection as soon as possible. If copies thereof are requested, said records shall be released to the party requesting as soon as possible after payment of the fee adopted by the District pursuant to Section 7.4.8 hereof.
- 7.4.5. All requests for records that are outside the scope of Section 7.4.4 hereof shall be reduced to written form. The District shall furnish the requesting party with a standard form for his or her convenience in describing the records sought, but the use of that form shall not be the exclusive means by which a member of the public may identify said documents in writing. If the requesting party refuses or is unable to submit a request in writing, the District shall prepare a written memorandum articulating the request as it is understood.
- 7.4.6. Within ten (10) calendar days after receipt of a request to inspect or copy any document or record of the District identified in the writing prepared pursuant to Section 7.4.5 hereof, the District shall determine whether the request, in whole or in part, seeks copies of disclosable public records in the possession of the District, and shall immediately notify the person making the request of such determination and the reasons therefore.
- 7.4.7. Under unusual circumstances as defined in the Act, the time limit prescribed in Section 7.4.6 hereof may be extended by written notice by the General Manager of the District, or his or her designee, to the person making the request setting forth the reasons for the extension and the date on which a determination is expected to be dispatched. No such notice shall specify a date that would result in an extension for more than fourteen (14) calendar days.
- 7.4.8. If the District determines that the records requested shall be made available for public inspection or copying, the District shall promptly make the records available to the requesting party. If copies are requested, the District shall promptly provide copies of the records to the requesting party upon payment of a duly-adopted fee to cover the District's direct cost of duplication, which shall be calculated in the following manner:
- a. If the copies are made by the District's staff, the total fees pursuant to the adopted fee schedule by Resolution No. 17-06-802 will be shared with the requestor. Such fees will only apply to the direct cost of duplication and shall not include the ancillary tasks necessarily associated with the retrieval, inspection, and handling of the file from which the record is extracted for reproduction.
  - b. If the records for which copies are requested are being held by consultants of the District, including the District's legal counsel, the direct cost of duplication shall be no different than the fee established pursuant to Section 7.4.8(a) above.

- c. If the size, quantity, or unique nature of the records for which copies are requested is such that the District determines in the reasonable exercise of its discretion that the reproduction thereof should not be conducted by District staff or consultants, then the District shall attempt to coordinate a mutually-acceptable alternative arrangement with the requesting party. No such arrangement shall permit a copying protocol that would expose any District records to being permanently removed, damaged, defaced, or destroyed. If the District is unable to reach such an agreement with the requesting party, then the District shall send said records to a printer or commercial copying service for reproduction and the direct cost of duplication shall be the same amount that is charged by the printer or commercial copying service for the services so performed.
- 7.4.9. If the District determines that the records requested shall not be made available for public inspection or copying, the District shall justify withholding any record by demonstrating that the record in question is exempt under the Act, that the District is unable to identify the information requested in the writing prepared pursuant to Section 7.4.5 thereof after making a reasonable effort to provide the assistance described in Section 7.4.3 hereof and elicit additional clarifying information from the requester that would help identify the record or records, or that, based on the facts of the particular case, the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the record. Any notification of denial of any request for records shall set forth the names and titles of each person responsible for the denial.
- 7.4.10. If the District determines that any part of an otherwise public record shall not be made available for public inspection or copying, any reasonably segregable portion of the record shall be provided to the person requesting such record after deletion of the portions which are exempt by law and upon (a) compliance with Section 7.4.8 hereof as to the portions released to the requesting party and (b) satisfaction of Section 7.4.9 hereof as to the portions deleted there from.

## APPENDIX A Resolutions and Motions Superseded by Adoption of this Policy

### 1 PURPOSE AND ORGANIZATION

- 1.1 Mission** — *Motion Numbers: 9-94-3164, 2-97-3472 and 4-00-3807*
- 1.3 Objectives** <sup>20</sup>— *Resolution Number: 7-52-262*
- 1.4 Functions and Powers** — *Motion Numbers: 7-50-8, 9-56-450, 1-68-101, 1-68-104, 8-71-142, 5-74-93, 1-79-576, 1-79-577, 4-79-612, 5-79-621, 8-81-982, 9-81-1012, 4-82-1153, 7-82-1202, 5-86-1844, 2-90-2428, 6-92-2839, 7-92-2871 and 1-95-3194*

### 2 GOVERNANCE

- 2.1 Board of Directors - Principal Functions** — *Ordinance Number: 2-01-7 (2001); Motion Numbers: 197, 208, 1-70-1072-79-589, 2-79-594, 7-79-647, 7-82-262, 3-85-1645, 4-89-2324, 11-89-2391, 5-92-2530, 8-92-2897 and 12-95-3288. Ordinance Number 17-01-21 (2017) was adopted to clarify process for approval of TVMWD Manuals.*
- 2.2 Election** — *Motion Numbers: 7, 6-84-1534, 7-84-1541 and 7-94-3151*
- 2.3 Board of Directors – Organization** — *Resolution Numbers: 12-88-301, 01-02-408; Motion Numbers: 561, 11-78-555, 1-79-571, 1-79-574, 11-81-1061, 9-86-1912, 12-86-1962, 7-92-2869, 1-93-2951, 1-93-2952, 1-93-2953, 1-93-2954, 1-93-2985, 1-93-2983, 1-93-3954, 4-93-2992, 4-93-2993, 4-93-2994, 6-93-3012, 1-94-3096, 1-95-3196 and 10-95-3265*
- 2.4 Board of Directors - Public Meetings** — *Ordinance Numbers: 3-01-8, 5-01-9, 02-02-11, 6-03-12, 05-04-13 and 12-01-19, 13-04-20 (2013); Resolution Numbers: 8, 48, 450, 1021; Motion Numbers: 1-84-1464, 4-89-1670, 4-91-2624, 4-91-2626, 2-93-2959, 2-93-2962, 7-91-2674, 3-93-2973, 10-93-3068, 1-94-3095, 1-95-3196, 1-95-3197, 4-95-3217, 10-95-3265, 2-98-3571 and 8-98-3625*
- 2.5 Board of Directors - Norms of Conduct and Communication** — *Resolution Numbers: 4-74-170, 1-77-203, 8-81-256, 08-02-424, 06-06-550 and 09-07-639; Motion Numbers: 9-82-1228, 5-83-1361, 5-87-2053, 10-87-2112, 4-89-2334, 3-90-2447, 4-91-2625, 6-91-2653, 7-91-2672, 6-92-2844, 7-93-3040, 12-93-3083, 2-94-3103, 3-94-3109, 12-95-3288, 5-97-3501, 8-97-3526, 6-98-3607 and 9-98-3630*
- 2.7 Board of Directors - Compensation** — *Ordinance Numbers: 3-98-6, 7-90-4, 2-01-07 and 2-07-15 (2007); Resolution Numbers: 5-81-254 and 8-81-256; Motion Numbers: 80, 560, 690, 694, 1-84-1460, 5-85-1673, 9-86-1912, 9-89-2379, 9-89-2380, 8-90-2512, 1-91-2580, 6-92-2845, 6-92-2880, 2-93-2968, 2-93-2969, 7-93-3032, 8-93-3055, 12-93-3083, 7-94-3151, 6-95-3234, 9-95-3250, 5-97-3501, 3-98-3583, 3-98-3596, 2-01-3882 and 09-01-4670*
- 2.8 Board of Directors – Reimbursement** — *Ordinance Number: 2-01-7 (2001)*
- 2.11 Board of Directors – Governance/Management Connection** — *Ordinance Number: 2-01-7 (2001); Resolution Number: 7-82-263*

### 3 GENERAL MANAGER AND STAFF

- 3.1 General Policy** — *Ordinance Number: 11-04-14; Motion Numbers: 3-69-115, 12-69-164, 12-70-167, 11-72-147, 4-73-161, 5-76-285, 12-76-352, 11-79-697, 11-80-841, 3-81-902, 3-81-909, 9-81-1002, 11-81-1060, 3-82-259, 12-82-266, 6-83-270, 6-84-1525, 2-85-1635, 3-85-1655, 3-85-1656, 6-85-1699, 4-86-1811, 4-86-1812, 4-86-1813, 4-86-1824, 6-87-2060, 8-89-2358, 8-89-2363, 8-89-2364, 6-90-2482, 9-91-2700, 9-91-2704, 4-94-3130, 6-95-3232, 6-95-3233, 1-96-3305, 3-96-3336, 6-97-3512, 10-99-3748, 4-00-3813, 7-00-3836 and 8-00-3841*
- 3.2 General Manager Authority - Limits Set by Board** — *Motion Numbers: 20-05-5279; Resolution Number: 20-05-877*

**4 WATER PLANNING AND SUPPLY**

- 4.1 General Policy** — *Resolution Number: 10-02-647*
- 4.3 Water Quality** — *Resolution Number: 6-80-243*
- 4.4 Water Use Efficiency, Public Outreach & Water Conservation** — *Resolution Numbers: 3-77-205 and 7-88-2997*

**5 CAPITAL IMPROVEMENTS**

- 5.1 Service Connections** — *Resolution Numbers: 151, 239; Motion Numbers: 12-57-196*
- 5.2 System Maintenance and Repairs** — *Resolution Numbers: 196, 208, 295, 348; Motion Numbers: 2-70-115 and 6-70-135*

**6 FINANCIAL INTEGRITY**

- 6.1 General Policy** — *Resolution Number: 1015; Motion Numbers: 8-50-17, 7-52-242, 6-67-1015, 9-90-2538, 1-96-3304 and 3-96-3339*
- 6.3 Rates, Charges, Assessments and Penalties** — *Resolution Numbers: 242, 293, 1034, 6-75-1932, 04-03-439, 05-03-441, 03-04-466, 05-05-519; Motion Numbers: 10-70-155, 11-78-559 and 1-84-1464*
- 6.4 Reserves** — *Resolution Numbers: 1-85-278, 05-03-440, 03-05-505, 03-05-506*
- 6.5 Investment of Funds** — *Resolution Numbers: 10-86-288; Motion Numbers: 4-82-1661, 4-90-2456, 12-90-2570, 8-94-3160, 8-94-3161, 3-96-3337, 8-97-3525, 10-98-3629, 10-98-3630, 8-99-3732, 9-99-3739, 01-05-495 and 09-02-4677*
- 6.6 Risk Management** — *Resolution Number: 05-04-471*
- 6.7 Audit** — *Motion Number: 4-92-2798*

**7 PUBLIC INVOLVEMENT**

- 7.1 General Policy** — *Resolution Number: 7-82-262*
- 7.2 Public Information and Education** — *Motion Numbers: 3-81-913 and 5-82-1169*
- 7.4 Request for Public Records** — *Resolution Number: 17-06-802*

## **APPENDIX B**                      **End Notes**

1. The Mission Statement of TVMWD was updated and unanimously approved by the Board of Directors at its September 19, 2012 meeting by *Motion Number. 12-09-4889*. The Vision Statement of TVMWD was updated as a part of the FY 20-21 Strategic Plan that was unanimously approved by the Board of Directors at its February 19, 2020 meeting by *Motion Number. 20-02-5265*. TVMWD Action Plan 2001-2002 adopted on September 19, 2001 and ratified again on February 22, 2003 and set forth the Objectives of the District, incorporated as Section 1.3 of this Policy Manual. The 2015 update of the Policy Manual changed the title of Section 1.3 from Objectives to Core Values.
2. California Water Code, Section 71000 et seq.
3. California Water Code, Section 71000 et seq.
4. These powers, whether currently exercised or latent, are generally authorized by the Municipal Water District Act (Ibid.)
5. Administrative Code, Metropolitan Water District of Southern California
6. Government Code Section 56000 et seq.
7. California Water Code Section 71276. Effective January 1, 2015 all resolutions and ordinances are adopted by roll call vote of the legislative body.
8. California Water Code Section 71260 and Water Code Section 71262
9. California Government Code Section 85300 and Government Code Section 3205(a); Water Code Section 71505; Election Code Section 10540 and Election Code Section 13307(c) and (e)
10. California Water Code Section 71505; California Election Code Section 10515
11. California Government Code Section 1780
12. California Water Code Section 71273 and Water Code Section 71340
13. California Government Code Section 54950 et seq.
14. California Government Code Section 81000 et seq.; Title 2, California Code of Regulations, Section 18109 et seq.
15. California Water Code Section 71255, Government Code Section 53232.2, Government Code Section 53232.3, Water Code Sections 20200, 20201, 20202, 20203, 20204, 20205, 20206 and 20207
16. California Water Code Section 71256; California Water Code – Appendix Section 109-51
17. California Government Code Section 3100


<sup>18</sup> California Water Code Section 10610 et seq.

<sup>19</sup> California Government Code Section 53601, Government Code Section 53601.1, Government Code Section 53630, and Government Code Section 53646 et seq.

<sup>20</sup> This section was renamed to Core Values during the CY 2015 update.

**APPENDIX C**                      **Policy Addendums**

This section includes policies that were adopted outside the normal cycle of policy review and approval and in a different format thereof as follows:

 <p>THREE VALLEYS MWD</p>	<p>POLICY TITLE <b>DISTRIBUTION OF TICKETS AND PASSES</b></p>	<p>APPROVAL DATE <b>June 17, 2015</b></p>	<p>Page i of 5</p>
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## **SECTION 1: PURPOSE OF POLICY**

The purpose of this policy is to establish a fair and equitable process for the distribution of complimentary tickets or passes by TVMWD in compliance with the requirements of Section 18944.1 of the Fair Political Practices Commission Regulations. This policy is subject to all applicable Fair Political Practices Commission Regulations and the Political Reform Act, as now exist or may hereafter be added or amended, including, without limitation, definitions. (These regulations can be found at Title 2 of the California Code of Regulations and will be referred to as “FPPC Regulations.”)

## **SECTION 2: DEFINITIONS**

Unless otherwise expressly provided herein, words and terms used in this policy shall have the same meaning as that ascribed to such words and terms in the California Political Reform Act of 1974 (Government Code Sections 81000, et seq., as the same may from time to time be amended) and the FPPC Regulations (Title 2, Division 6 of the California Code of Regulations, Sections 18110 et seq., as the same may from time to time be amended).

- A. “TVMWD” shall mean and include the Three Valleys Municipal Water District, and any other affiliated agency created or activated by the Board of Directors of Three Valleys Municipal Water District, and any departments, committees, and commissions thereof.
- B. “TVMWD Official” shall mean every officer, agent and employee of TVMWD who is obligated to file an Annual Statement of Economic Interests (FPPC Form 700) under state law or TVMWD’s current Conflict of Interest Code.
- C. “TVMWD Venue” shall mean and refer to any facility owned, controlled or operated by TVMWD.
- D. “FPPC” shall mean and refer to the California Fair Political Practices Commission.
- E. “Immediate Family” shall mean and refer to the spouse and dependent children of a TVMWD Official. The term “spouse” includes registered domestic partners recognized by state law, and “dependent children” shall mean a child, including an adoptive child or stepchild, of a

TVMWD Official who is under 18 years old and who the TVMWD Official is entitled to claim as a dependent on his or her federal tax return.

- F. “Policy” shall mean and refer to this policy regarding the *Distribution of Complimentary Tickets* pursuant to FPPC Regulation 18944.1.
- G. “Ticket” shall mean and refer to a “ticket or pass” as that term is defined in FPPC Regulation 18944.1, as amended from time to time, but which currently defines a “ticket or pass” as admission to a facility, event, show or performance for an entertainment, amusement, recreational, or similar purpose.

**SECTION 3: APPLICATION OF POLICY**

- A. This policy shall be applicable to every officer, agent and employee of TVMWD who is obligated to file an FPPC Form 700 under state law or TVMWD’s current Conflict of Interest Code.
- B. This policy governs the distribution of complimentary tickets received by TVMWD that are either:
  - 1. Gratuitously provided to TVMWD by an outside source;
  - 2. Acquired by TVMWD by purchase;
  - 3. Acquired by TVMWD as consideration pursuant to the terms of a contract for the use of a TVMWD Venue; or
  - 4. Acquired and distributed by TVMWD in any other manner.
- C. This policy does not apply to:
  - 1. Any other item of value provided to TVMWD or any TVMWD Official, regardless of whether received gratuitously or for which consideration is provided.
  - 2. Tickets directly provided to a TVMWD Official by a third party other than TVMWD.

**SECTION 4: GENERAL PROVISIONS**

- A. No Right to Tickets: The use of complimentary tickets is a privilege extended by TVMWD and not the right of any person to which the privilege may from time to time be extended.



- B. **Limitation on Transfer of Tickets:** Tickets distributed to a TVMWD Official pursuant to this policy shall not be transferred to any other person, except to members of such TVMWD Official's immediate family or no more than one guest solely for their attendance at the event. If a TVMWD Official transfers a ticket he or she has received from TVMWD to another person, as opposed to returning the ticket to TVMWD for redistribution, then the value of the ticket or tickets he or she transfers shall constitute a gift to him or her and shall be reportable as provided by the regulations of the FPPC.
- C. **Prohibition Against Sale of or Receiving Reimbursement for Tickets:** No person who receives a ticket pursuant to this policy shall sell or receive reimbursement for the value of such ticket.

**SECTION 5: TICKET ADMINISTRATOR**

- A. TVMWD delegates the authority to the general manager or his/her designee to be the ticket administrator for purposes of implementing the provisions of this policy.
- B. The ticket administrator shall have the authority, in his or her sole discretion, to establish procedures for the distribution of tickets in accordance with this policy. Such authority includes the power to distribute such a ticket to the general manager provided that doing so is otherwise consistent with this policy. All requests for tickets that fall within the scope of this policy shall be made in accordance with the procedures established by the ticket administrator.
- C. The ticket administrator shall determine the face value of tickets distributed by TVMWD for purposes of Section 6.A and 6.B of this policy.
- D. The ticket administrator, in his or her sole discretion, may revoke or suspend the ticket privileges of any person who violates any provision of this policy or the procedures established by the ticket administrator for the distribution of tickets.
- E. For the purpose of implementing this policy, and completing and posting the FPPC California Form 802, the ticket administrator shall be the "Agency Head".

**SECTION 6: CONDITIONS UNDER WHICH TICKETS MAY BE DISTRIBUTED**

The ticket administrator may distribute complimentary tickets to TVMWD Officials under any one of the following conditions:

- A. TVMWD Official reimburses TVMWD for the face value of the ticket(s).

- B. TVMWD Official treats the ticket(s) as income consistent with applicable federal and state income tax laws and TVMWD reports the ticket as income on FPPC Form 802 pursuant to Section 10 of this Policy.
- C. The ticket is not earmarked by the outside source for a particular TVMWD Official, and the distribution of the ticket to, or at the behest of, TVMWD Official accomplishes or furthers one or more of the following public purposes:
1. Performing a ceremonial role on behalf of TVMWD at an event.
  2. Facilitating the performance of a ceremonial role by a TVMWD Official on behalf of TVMWD at an event, as part of one's job duties.
  3. Promotion of intergovernmental relations and/or cooperation and coordination of resources with other governmental agencies, including, but not limited to, attendance at an event with or by elected or appointed public official from other jurisdictions, their staff members and their guests.
  4. Promotion of TVMWD resources and/or facilities available to residents within TVMWD.
  5. Promotion of TVMWD-run sponsored or supported community events, activities or programs.
  6. To monitor and evaluate the value of TVMWD-run, sponsored or supported community events, activities or programs to TVMWD including but not limited to evaluation of the venue, quality of performances and compliance with TVMWD policies, agreements and other requirements.
  7. Promotion and evaluation of events, activities or programs at TVMWD Venues, including but not limited to evaluation of the venue, quality of performances and compliance with TVMWD policies, agreements and other requirements.
  8. Encouraging or rewarding significant academic or public service achievements by students, residents or businesses within TVMWD.
  9. As an incident to the above public purposes, allowing for the immediate family of TVMWD Official to accompany TVMWD Official to events to accomplish any of the purposes listed in this policy.

**SECTION 7: TICKETS DISTRIBUTED AT THE BEHEST OF A TVMWD OFFICIAL**

- A. Tickets shall be distributed at the behest of a TVMWD Official only for one or more public purposes set forth in Section 6.C. above.
- B. If tickets are distributed at the behest of a TVMWD Official, such TVMWD Official shall not use one of the tickets so distributed to attend the event.

**SECTION 8: OTHER BENEFITS**

The distribution of tickets pursuant to this policy shall not constitute a “gift” to TVMWD Official receiving the ticket; however, other benefits, such as food or beverages or other gifts provided to TVMWD Official that are not part of the admission provided by the complimentary ticket, will need to be accounted for as gifts if over the applicable dollar limit.


**SECTION 9: EARMARKED TICKETS**

If TVMWD receives tickets that are earmarked by the outside source for a particular TVMWD Official, the tickets are gifts to TVMWD Official individually, unless:

- A. TVMWD Official reimburses TVMWD for the tickets;
- B. TVMWD Official treats the tickets as income consistent with applicable federal and state income tax laws, and TVMWD reports the tickets as income on FPPC Form 802 pursuant to Section 10 of this Policy; or
- C. The tickets are returned unused to the outside source within 30 days of receipt.

**SECTION 10: POSTING AND DISCLOSURE REQUIREMENTS**

- A. This policy and Form 802 reports required by Section 18944.1 of the FPPC Regulations shall be posted on TVMWD’s website.
- B. The distribution of tickets pursuant to this policy shall be documented by the preparation and certification of FPPC Form 802. Within thirty (30) calendar days of the distribution of a ticket, the ticket administrator shall prepare and certify a Form 802 and shall forward it to the FPPC for posting on the FPPC’s website.
- C. Tickets distributed by TVMWD for which TVMWD receives reimbursement from TVMWD Official shall not be subject to the disclosure provisions set forth herein.

	<p>POLICY TITLE <b>GIFT ACCEPTANCE POLICY</b></p>	<p>APPROVAL DATE <b>June 17, 2015</b></p>	<p>Page i of 2</p>
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– APPROVAL DATE 6/17/2015

### SECTION 1: PURPOSE OF POLICY

TVMWD is committed to providing and maintaining an ethical work environment for its employees. This policy is intended to set forth the guidelines for ethical conduct to be followed by all employees regarding the acceptance of gifts.

### SECTION 2: SCOPE

This policy applies to all employees. Any violation may result in disciplinary action up to and including termination of employment. If an employee has questions or needs clarification regarding this policy, the employee should check with the general manager. Exceptions to the gift acceptance policy may be made only with the permission of the general manager.

### SECTION 3: STATEMENT OF POLICY

TVMWD’s gift policy is a no-gift policy. To avoid a conflict of interest, the appearance of a conflict of interest, or the need for employees to examine the ethics of acceptance, TVMWD and its employees do not accept gifts from (current or potential) vendors, customers, or any other individual or organization. A **“gift” is anything of value (tangible or intangible) provided for which the donor has not received equal or greater consideration.** Gifts include – but are not limited to – meals, lodging, loans, cash, favorable terms or discounts on any product or service, services, equipment, prizes, products, transportation, use of vehicles, vacation or other facilities, stocks or other securities, tickets, gift certificates, gift cards, discount cards, memberships.

Employees are required to demonstrate TVMWD’s commitment to treating everyone impartially. Employees are to practice and demonstrate equal treatment, unbiased professionalism, and non-discriminatory actions in relation to all individuals and organizations.

Employees should professionally inform individuals and organizations of this no-gift policy and the reason TVMWD has adopted the policy. If an employee or department receives a gift:

- If feasible, the gift is returned to the donor.
- If not feasible to return the gift, the gift must be raffled off to employees. Proceeds from the raffle will be donated to TVMWD’s designated charity, SCWUA-Water for People. If employees are uninterested in the raffled item, the gift will be donated as determined by the general manager.
- Plants or flowers will be displayed in the lobby or the board room where all employees may enjoy their presence.
- Gifts of food will be placed in the kitchen to be shared with all staff.

**SECTION 4: EXCEPTIONS**

Many of the exemptions allowed per FPPC (Fair Political Practices Commission) Regulations are listed below. This list is only a summary, so please check with the general manager for clarification on each of these.


1. Return gift unused within 30 days
2. Deliver gift to a non-profit organization without claiming the gift as a tax deduction
3. Reimburse the donor for the fair market value of the gift
4. Gifts of informational material provided to assist in the performance of duties
5. Gifts from close family relatives
6. Campaign contributions
7. Plaques, awards or certificates
8. Home hospitality is hospitality provided by a donor in his/her home when the donor or member of his/her family is present
9. Gift exchange (other than a lobbyist) so long as not substantially disproportionate in value
10. Devise or inheritance
11. Inexpensive items (pens, bags, novelties, food, beverages, etc.) while attending conferences, seminars, et al. that are offered equally to all members of the public attending the event
12. Food, beverages, and moderately priced (<\$75) meals supplied and attended by current customers, partners, and vendors in the interest of building positive business relationships. This moderately priced entertainment is provided as part of a “working” meeting to benefit and advance positive working relationships and company interests. These activities are expected to be reciprocated by TVMWD in turn of equal value.
13. Exempted are tickets/passes to a facility, event, show or performance for an entertainment, amusement, recreational or similar purpose if the distribution of tickets is pursuant to TVMWD’s Policy on Distribution of Complimentary Tickets.

**SECTION 5: LIMITATIONS**

Gifts from a single source may not exceed \$500 in a calendar year for elected officials and employees whose designated positions are listed in TVMWD’s conflict of interest code.

**SECTION 6: REPORTING**

Regardless of whether a gift meets the definition of an exception, elected officials and employees whose designated positions are listed in TVMWD’s conflict of interest code may be required to report such gifts. Please refer to FPPC guidelines for reporting requirements, which can be found at [www.fppc.ca.gov](http://www.fppc.ca.gov).

 <p>THREE VALLEYS MWD</p>	<p>POLICY TITLE <b>POLICY FOR USE OF DISTRICT PROVIDED COMPUTER TABLET DEVICES</b></p>	<p>APPROVAL DATE <b>June 17, 2015</b></p>	<p>Page i of 4</p>
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The Three Valleys Municipal Water District shall establish a policy of providing the members of the board of directors and management staff with the equipment and technology needed to allow electronic delivery of agendas, reports and other material pertaining to items of business to be transacted or discussed at board meetings and other meetings attended by board members and management staff (users), and to allow for easier communication via e-mail.

Based upon cost estimates researched by staff, providing agendas and board meeting materials to the users electronically, for viewing on a computer tablet device (hereinafter “tablet”), would result in a cost savings to the district of approximately \$600 per year per recipient, by eliminating the preparation and distribution of individual paper packets of the meeting materials, and would improve the efficiency of providing information to the users.

The district shall provide a tablet to each user with appropriate software and internet access for the purpose of allowing agendas, agenda materials, reports and other materials (board packets), pertaining to business of the district to be transacted or discussed at meetings of the board. When the board packets are transmitted to the users electronically via email, staff shall not provide a “hard copy” printed version to the directors and management staff members.

A district-purchased tablet shall include sufficient capacity and features to meet the business needs of the users. The district shall purchase and install all software necessary for the devices to perform the functions required and shall provide maintenance and upgrades as necessary. The district shall arrange for and pay the cost of internet and e-mail service to the devices, and provide any and all IT services needed in connection with the use of the devices.

The district-provided tablets shall ensure compliance with the Ralph M. Brown Act, the Public Records Act and other laws pertaining to the use of public property. A policy agreement between the district and tablet users follows below.

### **TERMS AND CONDITIONS**

#### **SECTION 1: CUSTODY**

The user identified below is a licensee with rights to utilize the Three Valleys Municipal Water District (“district”) computer tablet device and related accessories (hereinafter defined as “tablet”) during the term of this agreement, contingent upon all other terms and conditions stated herein. This agreement establishes the user’s right to use the subject tablet and shall in no way be construed to convey to user any ownership right in that tablet. The district provided tablet shall remain the property of the district and shall be used exclusively for district business.

## **SECTION 2: TERM**

The term of this agreement shall begin upon the date signed and terminates upon the first to occur of:

- a. when the user’s term as a director/employee of the district ends; or
- b. if the user decides to return the tablet to the district prior to the expiration or earlier termination of the user’s term as a district director/employee; or
- c. if the district elects to terminate its Tablet User Program.

## **SECTION 3: GENERAL CONDITIONS FOR USE**

The tablet resources are provided for use in the pursuit of district-related business and to reduce the paperwork, copying and delivery expenses the district incurs annually.

In order to avoid improper use of the district-provided tablet, the users will comply with the following rules for use:

- a. The tablet is to be used exclusively for district business and not for personal business, entertainment, personal communications, or other non-authorized purposes. Tablet use for personal business will subject the user to be taxed, according to the IRS.
- b. Users will be responsible for downloading the e-mailed board packets to their tablet and for bringing the devices with them to every meeting for which materials have been sent.
- c. Users shall not use the tablet in such a way as to cause the district to be charged for goods or services not previously authorized by the board.
- d. All programming, software and features on the tablet shall be supplied by the district for district purposes. Users shall not install software, download files or make any other alterations to the computer tablet devices for their own purposes or which are not expressly authorized by the district.
- e. Directors shall not use the tablets to communicate with other directors in violation of the Ralph M. Brown Act, including but not limited to communicating with a majority of the members of the board of directors on any matter which will be addressed by the board at a meeting, or which is within the subject matter jurisdiction of the board of directors which may become an item of business at a future board meeting. In general, directors should not communicate with other directors by e-mail. Communications regarding availability for meetings, requests for information and other matters which must be dealt with outside of meetings should be coordinated through the general manager, to avoid the appearance of a Brown Act violation.

**SECTION 4: PRIVACY**

During and after the term of this agreement, the user has no right of privacy as to any information or files maintained in or on the tablet or transmitted by or to, or stored on the tablet.

Any personal materials, software, applications, Apps, pictures, emails, etc., that remain on the tablet after it is returned to the district., and any right to privacy of such items, to the extent it may exist, will be forfeited.

Unless otherwise exempted, all information provided electronically to the users shall constitute public records and shall be provided by the district to any person requesting a copy of such information, in the same electronic format as provided to the users, or at the option of the person requesting the records, in hard copy format, upon payment of the copying costs. Notwithstanding the foregoing, material transmitted with a board packet which pertains to a closed session item on the agenda, or which is otherwise exempt from disclosure under the Public Records Act, shall not become disclosable by virtue of transmission to the users by electronic means, unless and until such time as the material becomes subject to disclosure under the Public Records Act. Users receiving non-disclosable material by electronic means shall not forward or disclose such material to any other person without the authorization of the board of directors.

All communications using the tablets are public records subject to review by district staff, for purposes of determining their status under the district's Records Retention Policy. Communications and information contained on the tablets shall be retained by the district for a period of six months, or until a determination has been made that the item is not a record to be retained under the Records Retention Policy, in which case it may be deleted from the district's electronic files. Users may delete any unnecessary files on the devices provided a copy is available in the district's electronic files.

**SECTION 5: MAINTENANCE AND REPAIR**

The user shall keep the tablet and all software in good working order and condition. If repairs are necessary, the tablet and software shall be repaired by the district, or another entity designated and approved by the general manager. All software, applications and Apps loaded onto the tablet shall be properly licensed and shall not consist of pirated or illegal materials.

The users shall have possession of the tablet for their use for district business and shall be subject to returning the device to the district at any time as requested by the general manager for periodic maintenance, upgrades and service.

**SECTION 6: TERMINATION AND RETURN OF TABLET**

Upon the termination of this agreement or expiration of the term specified in SECTION II above, the user will, within three business days of such termination or expiration, return the tablet and any accompanying accessories to the district, as originally provided by the district, in its original condition. Ordinary wear and tear expected.



**SECTION 7: THEFT OR LOSS**

The users shall be responsible for the care and safekeeping of the tablets in their possession and shall reimburse the district for the cost of replacing a device that is damaged due to negligence or misuse.

Users are required to create a pin code on their tablet in order to safeguard access and content. The district shall bear the risk of theft or loss of the tablet, as long as the user exercises due care to protect and safeguard the tablet during the term of this agreement. However, the district makes no warranties of any kind and will not be responsible for any damages whatsoever which users may suffer arising from or related to their use of any district electronic information resources, whether such damages be incidental, consequential, or otherwise, or whether such damages include loss of data resulting from delays, non-deliveries, mistaken deliveries, or service interruptions whether caused by either the district's negligence, errors, or omissions.


The district may obtain insurance to cover loss or damage to the computer tablet devices if it is economically advantageous to do so.

**SECTION 8: ENFORCEMENT**

This policy is intended to be illustrative of the range of acceptable and unacceptable uses of the tablet, including internet and e-mail usage, and is not necessarily exhaustive (*refer to the district's Internet & Email Policy, revised 04/23/13*). Questions about specific uses should be directed to the general manager. Alleged or suspected violations of this policy and violations thereof may result in loss of tablet use. Any user violating these provisions or applicable local, state, or federal laws is subject to immediate loss or restrictions of tablet privileges and additional disciplinary actions, up to and including criminal prosecution for any individual user and/or termination of employment from the district. The district's general manager shall be responsible for the manner in which this policy will be implemented, including the monitoring of use thereof, and the archiving of information stored and retained in connection therewith.

**SECTION 9: CONSENT**

As a condition of this policy, all district tablet users must acknowledge that all district-issued tablets are the property of the district, and therefore, they should not consider any activity to be private, as specified in Section IV above. Users of a district-issued tablet must sign the consent form attached hereto within fifteen (15) days of receiving a copy of this policy. Prior to obtaining a tablet provided by the district, directors/employees must sign and return the consent form provided. By signing the consent form, the user acknowledges that they have received a copy of the policy, read it, and understand the district's policy and the potential penalties for non-compliance.

	<b>POLICY TITLE</b> <b>EMAIL ACCEPTABLE USE</b> <b>POLICY</b>	<b>APPROVAL DATE</b>	Page i of 3
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### **SECTION 1: PURPOSE**

Email is a critical mechanism for business communications at the District. Use of the District's electronic mail systems and services must be used with respect and in accordance with the policies of the District.

### **SECTION 2: SCOPE**

This policy applies to all email systems used at the District offices and remote locations. This policy applies to all email account holders, District employees, Board Members, and those working on behalf of the District.

### **SECTION 3: POLICY**


- A. Email access at the District is controlled through individual accounts and passwords. Each user of the District's email system is required to read and sign a copy of this policy prior to receiving an email access account and password. It is the responsibility of the employee to protect the confidentiality of their account and password information in accordance with the Password Policy.
- B. All employees of the District will receive an email account. Email accounts will be granted to those working on behalf of the District on a case-by-case basis. Access will be terminated when the employee or third party terminates their association with the District, unless other arrangements are made.
- C. Email users are responsible for mailbox management, including organization and cleaning.
- D. Email users are expected to remember that email sent from the District's email accounts reflects on the District. Please comply with normal standards of professional courtesy and conduct as emails are subjected to the public records request act.
- E. Email users will not automatically forward incoming emails to accounts outside the control of the District.

- F. The District email systems and services are not to be used for purposes that could be reasonably expected to strain storage or bandwidth (e.g. emailing large attachments instead of pointing to a location on a shared drive).
- G. Email use at the District will comply with all applicable laws, all District policies, and all District contracts. Use in a manner that is not consistent with the mission and values of the District, misrepresents the District, or violates any District policy is prohibited.
- H. The following activities are deemed inappropriate uses of the District email system and services and is strictly prohibited. Inappropriate use includes, but is not limited to:
1. Use for illegal or unlawful purposes, including copyright infringement, obscenity, libel, slander, fraud, defamation, plagiarism, harassment, intimidation, forgery, impersonation, and computer tampering (e.g. spreading of computer malware).
  2. Viewing, copying, altering, or deletion of accounts or files belonging to the District or another individual without authorized permission.
  3. Opening email attachments from unknown or unverified sources. Emails are a common source of computer malware and should be treated with caution.
  4. Sharing account passwords with another person or attempting to obtain another person's account password.
  5. Excessive personal use of the District resources.
  6. The District prohibits personal use of its email system and services for unsolicited mass mailings, non-District commercial activity, political campaigning, and dissemination of chain letters.
- I. The email system and services used are owned by the District and are therefore its property. This gives the District the right to monitor any and all email traffic passing through its systems. This monitoring may include, but is not limited to, inadvertent reading by IT staff during the normal course of managing the email systems, review by the legal counsel, observation by management in cases of suspected abuse, or to monitor employee efficiency.
- J. Emails that are retained in electronic folders or in hard copy and are not intended for temporary purposes may be public records and should follow the District's retention schedule in terms of how long the records may be kept pursuant to legal requirements.
- K. All incoming, sent, and deleted emails will be automatically deleted in accordance with record retention policy and legislative requirements. Emails that serve a useful business purpose can be preserved by manually moving the email to a subfolder of the mailbox.
- L. Use extreme caution when communicating confidential or sensitive information via email as this is not considered a secure means of communication. Keep in mind that all email messages sent outside of the District become the property of the receiver.

- M. Any allegations of misuse should be promptly reported to the Human Resources Manager. If you receive an offensive email, do not forward, delete, or reply to the message.
- N. Truly sensitive communications should be conducted through paper-based correspondences or in-person meetings. Employees are prohibited from sending personal identifiable information such as credit card information, banking information, driver's license numbers, social security numbers, and other sensitive information through the District's email.
- O. Email users must seek approval from the Chief Operations Officer prior to sending email with sensitive content related to the District's operational technology that include infrastructure maps, process control system (PCS), supervisor control and data acquisition (SCADA) system, video monitoring system, physical security systems, cybersecurity information, and any other system that could possibly reveal vulnerabilities, or otherwise increase the potential for an attack on systems of the District.

**SECTION 4: NON-COMPLIANCE**

Violations of this policy may result in disciplinary action up to and including termination.

	<b>POLICY TITLE</b> <b>INTERNET ACCEPTABLE</b> <b>USE POLICY</b>	<b>APPROVAL DATE</b>	Page i of 2
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### **SECTION 1: PURPOSE**

The goal of this policy is to outline appropriate and inappropriate use of District Internet resources, including the use of browsers, file uploads and downloads, and voice communications.

### **SECTION 2: SCOPE**

The Internet Acceptable Use Policy applies to all employees, Board Members, and those working on behalf of the District regardless of employment status.

Internet access at the District is controlled through individual accounts and passwords. The Information Technology Manager is responsible for defining appropriate Internet access levels for the people in their department.

### **SECTION 3: ACCEPTABLE USE**

- A. Individuals at the District are encouraged to use the Internet to further the goals and objectives of the District. The types of activities that are encouraged include:
1. Communicating with fellow employees, business partners of the District, and the public within the context of an individual's assigned responsibilities.
  2. Acquiring or sharing information necessary or related to the performance of an individual's assigned responsibilities.
  3. Participating in educational or professional development activities.
  4. Only approved IM services by the Information Technology Manager shall be installed and used on the District's network. Free IM services commonly used within the consumer market are not approved or supported by the IT department.

### **SECTION 4: UNACCEPTABLE USE**

- A. Individual Internet use will not interfere with others' productive use of Internet resources. Users will not violate the network policies of any network accessed through their account. Internet use at the District will comply with all Federal and State laws, all District policies, and all District contracts. This includes, but is not limited to, the following:
1. Individuals may not view, copy, alter, or destroy data, software, documentation, or data communications belonging to the District or another individual without authorized permission.
  2. The Internet may not be used for illegal or unlawful purposes, including, but not limited to, copyright infringement, obscenity, libel, slander, fraud, defamation, plagiarism,

- harassment, intimidation, forgery, impersonation, illegal gambling, soliciting for illegal pyramid schemes, and computer tampering (e.g. spreading computer viruses).
3. The Internet may not be used in any way that violates District policies, rules, or administrative orders including, but not limited to, Social Media Policy, Email and Instant Messaging Acceptable Use Policy, any applicable code of conduct policies, etc. Use of the Internet in a manner that is not consistent with the mission and values of the District, misrepresents the District, or violates any District policy is prohibited.
  4. Individuals should limit their personal use of the Internet. The District allows limited personal use for communication with family and friends, independent learning, and public service.
  5. The District prohibits use for mass unsolicited mailings, access for non-employees to District resources or network facilities, uploading and downloading of files for personal use, access to pornographic sites, gaming, competitive commercial activity, and the dissemination of chain letters.
  6. Individuals may not establish company computers as participants in any peer-to-peer network, unless approved by the Information Technology Manager.
  - 7.
  8. In the interest of maintaining network performance, users should not send unreasonably large electronic mail attachments or video files not needed for business purposes.
  9. Employees of the District will treat all other individuals, clients, employees, etc. they interact with in any virtual, online forum or network capacity, in accordance with District values, District policies, and basic business social decorum.

#### **SECTION 5: SECURITY**


- A. For security purposes, users may not share account or password information with another person. Internet accounts are to be used only by the assigned user of the account for authorized purposes. Attempting to obtain another user's account password is strictly prohibited. A user must contact the help desk to obtain a password reset if they have reason to believe that any unauthorized person has learned their password. Users must take all necessary precautions to prevent unauthorized access to Internet services.

#### **SECTION 6: MONITORING AND FILTERING**

- A. The District may monitor any Internet activity occurring on District equipment or accounts. The District currently does employ filtering software to limit access to sites on the Internet. If the District discovers activities that do not comply with applicable law or District policy, records retrieved may be used to document the wrongful content in accordance with due process.

#### **SECTION 7: NON-COMPLIANCE**

Violations of this policy may result in disciplinary action up to and including termination.

 <p>THREE VALLEYS MWD</p>	<p>POLICY TITLE <b>PASSWORD POLICY</b></p>	<p>APPROVAL DATE</p>	<p>Page i of 2</p>
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### **SECTION 1: PURPOSE**

Passwords are the primary form of user authentication used to grant access to District information systems. To ensure that passwords provide as much security as possible, they must be carefully created and used. Without strict usage guidelines, the potential exists that passwords will be created that are easy to break, thus allowing easier illicit access to the District's information systems, and thereby compromising the security of those systems.

It is the intent of the District to protect all its resources. These resources include computer hardware, software, data, and all computer related items. This document will set forth the policy of maintaining logical security, protecting the software and utilization of systems by persons with legitimate access rights.

### **SECTION 2: SCOPE**


The Password Policy applies to all information systems, information components, and to all user account holders, District employees, and those working on behalf of the District.

### **SECTION 3: POLICY**

- A. Passwords will have a maximum lifespan determined by the Information Technology Manager.
- B. Passwords may not be reused. Reuse includes the use of the exact same password or the use of the same root password with appended or pre-pended sequential characters.
- C. Passwords are to be used and stored in a secure manner. As such, passwords are not to be written down or stored electronically in plain text. Passwords are to be obscured during entry into information system login screens and are to be transmitted in an encrypted format.
- D. Passwords are to be individually owned and kept confidential and are not to be shared under any circumstances.
- E. Vendor supplied default passwords must be changed prior to installing a system on the network.
- F. Information Technology professionals or system account credentials for non-console administrative access must be encrypted using technologies such as SSH, VPN, or SSL/TLS. Encryption technologies must include the following:

1. Must use strong cryptography, and the encryption method must be invoked before the administrator's password is requested.
2. System services and parameter files must be configured to prevent the use of telnet and other insecure remote login commands.
3. Must include administrator access to web-based management interfaces.
4. Use vendor documentation and knowledge of personnel to verify that strong cryptography is in use for all non-console access and that for the technology in use it is implemented according to industry best practices and vendor recommendations.



	<b>POLICY TITLE</b> <b>DISTRICT-ISSUED CELL PHONES FOR DIRECTORS - POLICY</b>	<b>APPROVAL DATE</b>	Page i of 2
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**SECTION 1: PURPOSE**

The goal of this policy is to outline appropriate use of District-issued cellular phones for use by Directors.

**SECTION 2: SCOPE**

The District-Issued Cell Phones For Directors Policy applies to any Director who wishes to have a District issued cell phone for District business.


The Information Technology Manager is responsible for administering the District cell phones.

**SECTION 3: POLICY**

1. The District shall provide a cellular phone and District-paid cellular phone service for the use of the any Director that requests a District cell phone. Issuance of District cell phones to Directors is voluntary only. All cellular phones provided at District expense shall remain property of the District and Directors shall carry such phones for use on District business.
2. The General Manager shall select and contract for those cellular services necessary for District purposes, including text and internet service to the extent required for communications likely to be required in carrying out the Director's duties. In addition, the General Manager shall select a calling plan and services which provides the Director's with services reasonably necessary, including, if available at a cost-effective price, unlimited minutes and text messaging within the continental United States.
3. The Directors shall not use District-provided cellular phones or cellular service in any manner which results in additional charge to the District, over and above the cost of the cellular service plan provided by the District, including international calls, or phone, text or internet sites which charge a fee through the cellular phone service provider.
4. The purpose of providing District-paid cellular phones and service to Directors is to meet the needs of the District for communication in connection with District business. The personal use of the cellular service by the Director is prohibited. The Director shall return the cellular phone to the District upon leaving office.
5. The initial purchase cost of the cell phone shall be paid for from that Director's annual travel expense budget. The monthly cellular service fees and charges shall be paid for from that

Director's annual travel expense allowance on a monthly basis. Insuring the cell phone for loss or damage shall be mandatory and included in the monthly fees and charges.

6. Directors assigned a TVMWD-owned cell phone are responsible for its safekeeping, maintenance, and proper use, and are required to take appropriate precautions to prevent the loss, theft, damage, and unauthorized access to said communication technology device or cell phone. Loss, theft, or damage of a TVMWD-owned cell phone shall be immediately reported to the General Manager.

 <p>The logo for Three Valleys MWD features a stylized sun with rays on the left, and a central graphic of three green hills with blue wavy lines representing water at their base. The text 'THREE VALLEYS MWD' is positioned to the right of the sun and hills.</p>	<p><b>POLICY TITLE</b>  <b>OUTREACH PROGRAM</b>  <b>POLICY</b></p>	<p><b>APPROVAL DATE</b>  <b>NOVEMBER 17, 2021</b></p>	<p>Page i of 2</p>
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### **SECTION 1: Purpose of policy**

Situations may arise where a member of the TVMWD Board is requested to have TVMWD participate in a public outreach program in the form of sponsorships or community events. Directors may exercise discretion to authorize approval of the request consistent with the requirements set forth herein.

### **SECTION 2: Background**

Directors may request that TVMWD pay for sponsorships and/or community event participation, not to exceed a pre-determined amount in the TVMWD's annual Public Outreach Program budget, for events that are not prohibited based on this policy.


This policy expressly prohibits any expenditure that would (1) constitute an unconstitutional gift of public funds, (2) qualify as an unlawful mass mailing, or (3) contribute in any manner to an organization in which a director has a personal financial and/or management interest.

### **SECTION 3: Application of policy**

1. Directors may exercise discretion for TVMWD to pay for sponsorships and/or community events not to exceed a total of \$1,000 per event, which shall include funding support, the providing of materials, supplies and promotional giveaways for such events.
2. Any requests by Directors more than \$1,000 to pay for sponsorships and/or community events shall be brought to the full board for input and approval.
3. Sponsorships shall provide a direct nexus to water awareness, conservation, education, groundwater quality and the protection of water-related resources.
4. TVMWD-sponsored events may not be political and/or partisan in nature. Example: TVMWD may not sponsor a fundraiser for a political candidate using any public funds.
5. Proceeds from a TVMWD-sponsored event may not be used to contribute to campaign type activities. Example: TVMWD funds may not be used to print literature for a director's reelection to the water board.
6. Outreach funds may not be used for purchasing media advertisements.
7. TVMWD will only issue payments through checks or credit card paid directly to host organizations which meet these guidelines. No cash disbursements or reimbursements will be made for TVMWD-sponsored events covered by these guidelines.
8. TVMWD staff shall provide a quarterly summary of the outreach program funding and

remaining balance.

9. Directors that are up for election/reelection in an election year shall not participate in such public awareness activities from the date of filing for office until the second business day following the election- or as currently prescribed by FPPC regulations.
10. Events sponsored by religious/church organizations are not eligible for TVMWD- sponsored funds unless the event is open to the general public and is for a non-sectarian purpose.
11. The purpose of a sponsorship and/or community event participation must align with the TVMWD Strategic Plan.

 <p>THREE VALLEYS MWD</p>	<p>POLICY TITLE <b>SOCIAL MEDIA POLICY – ELECTED OFFICIALS</b></p>	<p>APPROVAL DATE JUNE 15, 2022</p>	<p>Page i of 5</p>
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### **SECTION 1: Purpose of policy**

Three Valleys Municipal Water District (“District”) understands that its elected officials, officers, and employees use social media sites and other online engagement platforms to share events in their lives, to communicate, and to discuss their opinions with others, including family, friends, and co-workers. However, the use of social media and other online engagement platforms may present certain risks and carries with it certain responsibilities.

To assist the District’s Board of Directors (“Board”) in making responsible decisions about their use of social media and other online engagement platforms, the District provides these guidelines and recommendations for appropriate use.

### **SECTION 2: Background**

The District does not create or provide support for individual social media accounts for Board members. Board members who maintain personal social and other digital media accounts should be aware that--similar to District email or any other written or recorded communication related to the official conduct of District business--digital communications, social media posts and messages by Board members regarding matters that are before the District for action or within District jurisdiction can be “official District business” subject to laws and policies regarding freedom of speech, records retention and production, and public transparency. Those laws and policies include, but are not necessarily limited to: the California and United States Constitution, the California Public Records Act, the Ralph M. Brown Act, and the District’s records retention regulations.

### **SECTION 3: Understanding Rights/Responsibilities Using Social Media Technology**

#### **Complying with the Ralph M. Brown Act**

One potential pitfall elected officials face in using social media is in ensuring compliance with the Ralph M. Brown Act (the “Act”). Elected members of a Board must be careful, through their use of social media, not to engage in “serial meetings” with other members of the Board. A serial meeting is covered by the Act. It involves communications by individual members of less-than-a-quorum group, which ultimately involves a majority of the body’s members. Outside a meeting, a majority of members of the Board may not use a series of communications of any kind, directly or through intermediaries, to discuss, deliberate or take action on any item of business that is within the subject matter jurisdiction of the Board,

whether or not the members of the Board reach a collective concurrence. This communication may involve several separate conversations between different members, or several separate conversations between members and a single person (e.g., attorney, agency staff member) for the purpose of discussing, deliberating, or taking any action on any item of business.

Conceivably, a prohibited serial meeting could take place through private messaging or even public messaging on social media.

The Act does not prevent Board members from engaging in separate conversations or communications on an internet-based social media platform to answer questions, to provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the Board, but this is provided that a majority of the members of the Board do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the Board's subject matter jurisdiction. "Discuss among themselves" here means communications made, posted, or shared on an internet-based social media platform between members of the Board, including comments or use of digital icons that express reactions to communications made by other members of the Board. This means that even a single "emoji" or "like" could constitute part of a discussion that falls within the scope of the Act.

As a member of the Board, there is one other item of importance to consider. Under recent law, you should **not respond directly** to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the Board that is made, posted, or shared by **any other member** of the Board. Doing so alone could result in a violation of the Act.

To avoid any violations of the Act, consistent with the update provided by AB 992, Board members are permitted to use a social media site to engage in conversations or communications on matters within the subject matter jurisdiction of the Board:

1. To answer questions;
2. To provide information to the public; and
3. To solicit information from the public.

However, a majority of Board members may not use social media to "discuss among themselves" official business. AB 992 broadly defines the meaning of "discuss among themselves" to include any "communications made, posted, or shared on an internet-based social media network between members of [the Board], including comments or use of digital icons that express reactions to communications made by other members of the [Board]." AB 992 prohibits a Board member from communicating directly with the social media of **any other member** on a subject within the jurisdiction of the Board.

Board members must refrain from using the District's official social media sites or any form of electronic communication to respond to, blog, or engage in serial meetings, or otherwise

discuss, deliberate, or express opinions on any issue within the subject matter jurisdiction of the body without complying with the Act.

If there are questions about whether communications could potentially violate the Act, Board members should consult with the District's management and/or legal counsel.

### **Accuracy and Honesty**

Strive for accuracy in any blog or post. Include a link to your sources of information. If a Board member makes a mistake, correct the information, or retract it promptly. Never post any information or rumors that you know to be false about employees, other officials, or anyone.

Board members should be honest and accurate when posting information or news, especially when communicating during a crisis or emergency. Any mistakes, misstatements and/or factual errors must be corrected quickly upon discovery. When possible, news of District-wide importance should first be announced by the District's official social media sites. This information can then be shared by Board members, linking back to the original post or official District website, when possible. Unless the Board member has been designated to serve as a District spokesperson, a Board member should never represent themselves as a spokesperson for the entire Board or the District. Board members should be mindful of recognizing that accomplishments of the District or the Board are achieved by collective action of the entire body or organization.

### **Avoiding Commingling Social Media Accounts**

Board members should not use District email addresses to register on social networks, blogs, or other online tools utilized for personal use.

Board members participating in digital or social media communications shall maintain and clearly delineate between separate accounts for official and personal/campaign statements, taking precaution not to convey personal/campaign communications in a manner that suggests such communications represent the position of the District or the Board as a whole. To avoid ambiguity, all statements, headings, profile pictures, or biographies on personal or campaign accounts shall:

1. Not be made in the name of the position to which the Board member was elected or appointed;
2. Clearly reflect that content on such accounts does not represent the official positions of the District or the Board; and
3. Not display the District logo or any other official District mark or title.

The District requires that Board members use only District accounts to send or receive electronic communications in connection with the conduct of District business. As a result, there is no expectation of privacy if personal accounts are used to conduct District business or District accounts are used to conduct personal business. If a Board member receives an electronic communication regarding District business on a personal account, he or she should copy that information to his or her official District account for transparency and ease of access for public records requests.

Digital records relating to public business are required to be in a manner capable of maintaining the record for the applicable retention period, including through the use of highlights, bins, or archives for temporary and disappearing stories, reels, posts, or otherwise.

### **Hosting Comments on Blog, Website, Facebook Page, or Other Social Media Platforms**

Another potential pitfall Board members face in using social media is by hosting a site or social media platform in your capacity as a government officer in which the public can post comments. Although the law in this area is murky and currently under development, some authority suggests that a Board member who hosts comments in his or her capacity as a government official and deletes, hides, or otherwise obscures any comment by a member of the public has thereby engaged in censorship in violation of the First Amendment. This is under the theory that the page hosting the comments constitutes a forum opened up by a government official, so that those who participate have constitutional rights to provide expression. Violation of the First Amendment can create liability, including liability for the plaintiff's attorneys' fees. Accordingly, if you host comments, you should make a clear distinction to those who visit your page or platform whether the page is yours in a strictly personal or other capacity or instead in your capacity as an elected official or member of the government. If the latter, Board members should avoid deleting comments or blocking individuals on official pages or sites they maintain. Social media content should be treated the same as any written document and retained in accordance with the District retention schedules or the minimum period required under applicable law, whichever is longest.

### **Exercising Sound Discretion**

Use good and ethical judgment. To the extent your social media use impacts District employees, Board members should follow District policies and regulations as applicable, including but not limited to those that protect individual privacy rights, anti-discrimination and harassment policies, and the anti-workplace violence policy.

Board Members shall not post complaints or criticism of fellow Board members, District employees, or personnel (or anyone). Board members should avoid using statements, photographs, video, or audio that reasonably could be viewed as unlawful harassment or



discrimination or other violation of the law such as unlawful threatening conduct. Examples of such conduct might include offensive posts that could contribute to a hostile work environment on the basis of race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or any other status protected by law. Examples of unlawful threatening conduct include posting material that would make a reasonable person afraid for one's safety or the safety of one's family.

Do not disclose information that may violate the rights of others. For example, do not disclose another individual's social security number, medical information, financial information, or other protected information in a manner that violates that person's rights.


If, as a Board member, you publish a blog or post online related to your work as an elected official, make it clear that you are not speaking on behalf of the District itself. It is best to include a disclaimer such as "The postings on this site are my own and do not necessarily reflect the views of the District."

**For more information**

If you have questions or need further guidance, please contact the General Manager.



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** June 7, 2023  
**Subject:** **Organizational Chart and Salary Schedule Modifications**

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Funds Budgeted: \$

Fiscal Impact: \$

### **Staff Recommendation**

**Staff is recommending approval of the organizational chart and salary schedule modifications.**

### **Background**

Pursuant to CalPERS and California Code of Regulations Section 570.5, salary schedule changes must be approved and adopted by the employer's governing body according to the requirements of applicable public meeting laws.

### **Discussion**

Staff is recommending changing the title of the Senior Financial Analyst to Finance Manager effective June 7, 2023. The proposed title change does not merit or warrant an adjustment in the District's approved salary ranges at this time. The goal is to increase the applicant pool for this position as the current employee is set to retire.

### **Strategic Plan Objective(s)**

3.3 – Be accountable and transparent with major decisions

4.3 – Maximize employee retention

### **Attachment(s)**

Exhibit A – Organizational Chart Effective June 7, 2023

Exhibit B – Salary Schedule Revised Effective July 1, 2023

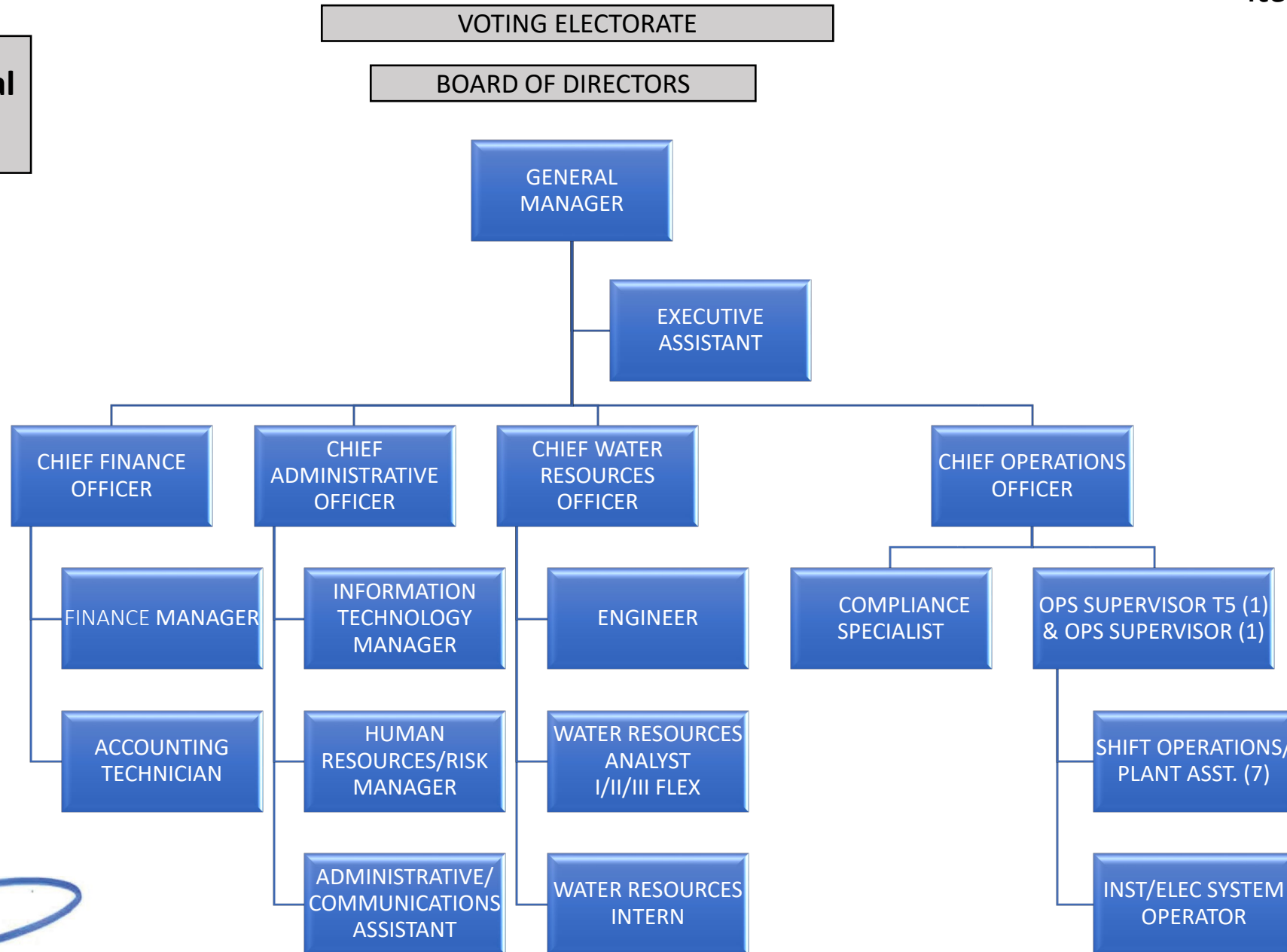
**Meeting History**

None

NA/VR



**Organizational Chart**



Matthew Litchfield, P.E  
General Manager

June 7, 2023

Date

FTE-24

PTE- 1



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
ANNUAL SALARY RANGE BY CLASSIFICATION  
Effective: July 1, 2023**

CLASSIFICATION	JOB CODE	ANNUAL SALARY RANGE		
		Minimum	Mid	Maximum
ACCOUNTING TECHNICIAN	101	\$ 62,249	\$ 80,924	\$ 99,599
ADMINISTRATIVE/COMMUNICATIONS ASSISTANT	102	\$ 61,678	\$ 80,182	\$ 98,686
ASSISTANT ENGINEER	103	\$ 72,198	\$ 93,857	\$ 115,516
CHIEF ADMINISTRATIVE OFFICER	104	\$ 189,037	\$ 245,748	\$ 302,459
CHIEF FINANCE OFFICER	105	\$ 187,845	\$ 244,198	\$ 300,551
CHIEF OPERATIONS OFFICER	106	\$ 160,088	\$ 208,114	\$ 256,140
CHIEF WATER RESOURCES OFFICER	107	\$ 170,757	\$ 221,984	\$ 273,211
COMPLIANCE SPECIALIST	108	\$ 93,195	\$ 121,154	\$ 149,113
ENGINEER	109	\$ 109,089	\$ 141,816	\$ 174,543
ENGINEERING ASSISTANT	110	\$ 68,038	\$ 88,449	\$ 108,860
EXECUTIVE ASSISTANT	111	\$ 85,554	\$ 111,220	\$ 136,886
GENERAL MANAGER	112	\$ 203,846	\$ 265,000	\$ 326,154
HUMAN RESOURCES/RISK MANAGER	113	\$ 111,475	\$ 144,918	\$ 178,361
INFORMATION TECHNOLOGY MANAGER	114	\$ 127,833	\$ 166,183	\$ 204,533
INSTRUMENTATION/ELECTRICAL SYSTEM OPERATOR	115	\$ 106,544	\$ 138,507	\$ 170,470
OPERATIONS SUPERVISOR	116	\$ 107,701	\$ 140,011	\$ 172,321
OPERATIONS SUPERVISOR (T5)	117	\$ 129,241	\$ 168,013	\$ 206,785
PLANT ASSISTANT	118	\$ 49,632	\$ 64,521	\$ 79,410
FINANCE MANAGER	119	\$ 101,958	\$ 132,546	\$ 163,134
SHIFT OPERATOR II	120	\$ 61,085	\$ 79,411	\$ 97,737
SHIFT OPERATOR III	121	\$ 75,182	\$ 97,737	\$ 120,292
SHIFT OPERATOR IV	122	\$ 84,705	\$ 110,116	\$ 135,527
SHIFT OPERATOR V	123	\$ 88,007	\$ 114,409	\$ 140,811
WATER RESOURCES ANALYST I	124	\$ 65,000	\$ 84,500	\$ 104,000
WATER RESOURCES ANALYST II	125	\$ 79,062	\$ 102,781	\$ 126,500
WATER RESOURCES ANALYST III	126	\$ 93,125	\$ 121,063	\$ 149,001
		<b>HOURLY</b>		
WATER RESOURCES INTERN (PT)	127	\$ 17.00		\$ 22.00

Based on Board approval, an adjustment to each salary range classification will be considered for July 1 of each year. Range adjustments are tied to changes in the Consumer Price Index - Urban Wage Earners and Clerical Workers for Los Angeles-Long Beach-Anaheim as prepared by the Bureau of Labor Statistics, from current year annual to the prior year annual. The adjustment to each salary range is intended to keep TVMWD's salary ranges at the market level and may not necessarily impact individual salaries. The opportunity for individual salary increases will continue under the merit-based system employed by TVMWD. An important note is that an employee's annual salary may be below the minimum salary range if: (1) their annual evaluation has not yet occurred in the current fiscal year or (2) their performance documented in prior annual evaluations has not merited an increase that has kept up with index adjustments to the salary ranges.

**Shift Differential Pay**

- Operators and plant assistants who work on Friday, Saturday or Sunday will be compensated with 10% additional pay for those hours.
- Shift differential pay is considered special compensation and will be reported to CalPERS as such.

**On-Call Pay**

- Standby operators who serve as the on-call standby operator each evening will be paid \$45 per day (\$90 on holidays).
- Lab operators who serve as the on-call plant operator each evening will be paid \$100 per day (\$200 on holidays).
- In addition to receiving the on-call pay noted above, the on-call operators will be paid for the additional time spent responding to situations.
  - If responding by phone/tablet/laptop only, the on-call operator will be guaranteed at least 15 minutes of additional pay. All time over 15 minutes will be rounded up to the nearest 15 minute increment.
  - If responding in person, the on-call operator will be guaranteed at least two hours of additional pay. All time over two hours (portal to portal) will be rounded up to the nearest 15 minute increment.
  - Operators will be eligible for OT and shift differential pay as applicable for time spent responding.
- On-call pay is not considered special compensation and thus will not be included as a part of final compensation in calculating CalPERS pension.

**Holiday Pay**

- Any employee scheduled who works on either the actual holiday or the observed holiday will be paid at one and one-half times the employee's regular rate of pay. Since the employee is working the holiday, the employee will also be paid an additional ten hours at regular pay for that holiday.