



**SAN BERNARDINO  
VALLEY** | A REGIONAL WATER  
AGENCY SINCE 1954

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**BOARD OF DIRECTORS' WORKSHOP**

**September 26, 2023**

**9:30 a.m.**

In Person:

Yucaipa Valley Golf Club  
33725 Chapman Heights Rd,  
Yucaipa, CA 92399

If you are unable to participate, you may also submit your comments and questions in writing for the District's consideration by sending them to [comments@sbumwd.com](mailto:comments@sbumwd.com) with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by **6:00 p.m. on Monday, September 25, 2023**. All public comments will be provided to the Board President and may be read into the record or compiled as part of the record.



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

Yucaipa Valley Golf Club

33725 Chapman Heights Rd, Yucaipa, CA 92399

**BOARD OF DIRECTORS' WORKSHOP**

**9:30 AM Tuesday, September 26, 2023**

**CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL**

**1) PUBLIC COMMENT**

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.

**2) DISCUSSION AND POSSIBLE ACTION ITEMS**

- 2.1 Board of Directors Handbook Discussion (Page 2)  
[Staff Memo - Board of Directors Handbook Discussion](#)  
[Board of Directors Handbook, Revised/Adopted January 16, 2018](#)  
[Director Handbook Staff and Legal Counsel Recommendations](#)
- 2.2 Review Board Approved Investment Policy (Page 99)  
[Staff Memo - Review Board Approved Investment Policy](#)  
[SBVMWD Investment Policy - Reviewed May 2023](#)  
[Current list of San Bernardino Valley Long-Term Investments](#)

**3) FUTURE BUSINESS**

**4) ANNOUNCEMENTS**

**5) ADJOURNMENT**

**DATE:** September 26, 2023

**TO:** Board of Directors - Workshop

**FROM:** Heather Dyer CEO/General Manager  
Karen Resendez, Human Resources/Risk Manager

**SUBJECT:** Board of Directors Handbook Discussion

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### **Staff Recommendation**

Collectively discuss potential updates to the Board of Directors Handbook based on suggestions by individual Directors, staff, and legal counsel. Provide direction to staff on revisions the Board desires be made to the Handbook.

### **Summary**

Maintenance of the Board of Directors Handbook is included as an objective in the Strategic Plan under Strategy 6, Goal 6.1 – Develop and sustain Board of Directors’ standards and expectations. The Director Handbook was last updated in January of 2018.

A broadly reformatted Director Handbook is attached including staff and legal feedback in tracked changes to provide the Board with a starting point to collectively work on a handbook revision. Discussion of changes is necessary to facilitate the update and to maintain the handbook, keeping with current laws, requirements and practices.

### **Background and Discussion**

The Board of Directors initiated development of a Directors Handbook in mid-2016 to educate and guide the Board to a high level of strategic success and achievement in accordance with best practices. The Director Handbook was adopted on [August 15, 2017](#). The Director Handbook was last revised and re-adopted on [January 16, 2018](#).

On [April 4, 2023](#), staff provided an overview of proposed changes including reformatting for easier reference and modernization, integration of the Mission, Vision, Values and branding, as well as broad areas for consideration based on Director comments received during meetings and

requests for future business. The Board determined that a future workshop was necessary to collectively discuss potential updates.

Proposed topics of discussion include more general topics, as well as specific policy and process:

- Updates to titles, use of the common name San Bernardino Valley where appropriate, use of Agency to replace District where appropriate, and update Handbook to reflect the updated brand style (e.g., fonts, colors, etc.)
- Suggested reformatting for ease of references and modernization: Draft Handbook has been reorganized into two (2) sections:
  - 1) Board Procedures (content and guidelines); and
  - 2) Supportive Documents (legal references & Board adopted policies).
- Use of visuals in place of plain text – for example, Preamble and Introduction moved to combine text with illustrations.
- Preferred document title (i.e., Handbook, Manual, Policy Manual, etc.)
- Review of recommended updates from staff and legal included in the draft Handbook.
- Based on feedback we have heard from Directors, policy areas for discussion by the Board include, but are not limited to:
  - Selection of officers
  - Role of board committees
  - Committee assignments
  - Speaking as representative on behalf of San Bernardino Valley
  - Meeting process and decorum
  - Investment policy

Based on direction provided at the workshop, staff will update the Director Handbook accordingly and return to a future meeting for adoption.

### **District Strategic Plan Application**

Strategy #6: Commit to effective governance through Board leadership development.

### **Fiscal Impact**

No additional fiscal impact. All provisions are currently included in the FY 22/23 budget.

### **Attachments**

- 1) Board of Directors Handbook, Revised/Adopted January 16, 2018
- 2) Draft Board of Directors Handbook, Staff and Legal Counsel Recommendations



## San Bernardino Valley Municipal Water District

### Board of Director's Handbook

**Adopted August 15, 2017**

**Revised January 16, 2018**

President Susan Longville - Aye

Vice President Gil Navarro - Aye

Director June Hayes - Aye

Director Mark Bulot - Aye

Director Steve Copelan - Aye



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# San Bernardino Valley Municipal Water District Board of Director's Handbook

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In support of San Bernardino Valley Municipal Water District's (District) mission, the Governing Board is committed to developing, adopting, and maintaining a Board of Director's Handbook. The intent is to educate and continually guide the Board to a high level of strategic success and achievement in accord with best practices. Contained in the Handbook is pertinent District information, controlling legislation, rules and regulations having authority as it relates to the Board, as well as local policies enacted by the Board. The Handbook will serve as a resource for directors, staff and members of the public in determining the manner in which Directors conduct matters related to District business. Updates to this Handbook are anticipated and will occur as additional needs, issues and circumstances may dictate.

The District is an independent government agency which functions pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. Those provisions of Division 20 of the Water Code (Municipal Water Districts) which are most applicable to the District's authority, power and operation have been included in Appendix 1 of this Handbook.

In addition, the Board has adopted a series of organizational policies over the years that have not been incorporated into any formal resolutions or ordinances. These policies have been included as references in Appendix 2 of this Handbook. It is the intent of the Board that policies be incorporated into resolutions and ordinances that can be modified as may be necessary.

## Preamble

The customers served by the District are entitled to elected Board members who are transparent, fair, ethical, and accountable. Such Board members constantly should seek to reflect the following behaviors and qualities:

- Complying with both the letter and the spirit of the laws and policies affecting operations of the District;
- Exercising independent, impartial, and fair judgment and actions;
- Using the public office to which they were elected for the public good, not for personal gain; and
- Conducting public deliberations and processes openly, unless legally confidential, in an atmosphere of mutual respect, civility and transparency.

To this end, the District Board of Directors has adopted this Director's Handbook along with the Code of Conduct, to build public confidence, integrity and transparency into the culture of District governance to foster effective operation of the agency as a whole.



## Chapter 1 – Role and Authority

### Role of the Board

The primary role of the Board is to establish policies that guide the District to meet its mission. The policy decisions and actions of the Board constitute the "action" of the Board of Directors.

The Board has three (3) major responsibilities:

1. Promote the best interests of the District's customers by establishing policies that support the vision and mission of the District and by ensuring the implementation of those policies. Policies include the governing principles, plans, and a course of action for the organization. Policy-making is the process of visionary planning and should reflect the broadest possible principles and provide parameters within which staff can operate. Policy-making sets the overall direction for the District.
2. The Board shall establish policies that ensure fiscal stability and the effective use of funds that will be revised as the mission of the district evolves over time. In order to achieve this, each fiscal year the Board adopts a budget covering the anticipated revenues and expenditures of the District and reviews monthly and quarterly budget reports throughout the year. Additionally, from time to time, the Board reviews and/or adopts amendments to the District's cash reserve, investment, and other policies as necessary.
3. Hire a General Manager to manage the day-to-day operations of the District. The Board holds the General Manager accountable for the effective operational management of the District. An additional responsibility of the Board is to properly evaluate the General Manager on an annual basis.

In order to fulfill these responsibilities, the Board shall adhere to the following basic policy guidelines:

1. That the Board of Directors provides policy direction and leadership for the District.
2. That Board members are responsible for setting organizational policy and providing direction to the staff that are entirely responsible for day-to-day implementation of district programs and activities.
3. That it is the responsibility of the Board, through the policies it adopts, to ensure that the District is a progressive, transparent, innovative, and well-managed agency.
4. That the Board exercises authority only collectively as a Board, and individual Board members shall not act on their own volition. For the purpose of this guideline, a "Board" is made up of five (5) members that make decisions (issues are decided by a majority of these five Board members)
5. That the Board seeks to provide leadership in local, regional, state, and national issues that have relevance on the operations of the District and the communities of interest that it serves.



6. That the Board respects the role of the ratepayers and the retail agencies that it serves in the governance of the District, and encourages their participation.
7. That key stakeholders should be included and consulted when and where appropriate.
8. That Board members represent the District in business related matters at meetings and events other than regular meetings of the Board.
9. That the Board maintains a high level of communication with the General Manager. When a Board member is going to be out of town or unavailable, the General Manager or his/her Executive Assistant/Board Secretary is notified in a timely manner.
10. That all Board members are provided with the same information that any other Board member may request, where practical, including staff reports, committee agendas, customer inquiries and background information.
11. That Board members are encouraged to inform the General Manager of any specific information they want to receive from outside agencies or organizations, in addition to information they may acquire individually to share with the General Manager and other members of the Board. Staff is responsible for providing same in a timely manner.
12. That the Board is aware that all written and electronic documentation and communication is legally considered in the public domain. This excludes information protected by attorney-client privilege.

## **Authority**

The San Bernardino Valley Municipal Water District is a California Special District, an independent government agency which was organized in 1954 pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. It is responsible for long-range water supply management, including importing supplemental water, and is responsible for most of the groundwater basins within its boundaries and for groundwater extraction over the amount specified in the judgments. It has specific responsibilities for monitoring groundwater supplies in the San Bernardino and Colton-Rialto basins and maintaining flows at the Riverside Narrows on the Santa Ana River. It fulfills its responsibilities in a variety of ways, including importing water through the State Water Project for direct delivery and groundwater recharge and by coordinating water deliveries to retail agencies throughout its service area. Besides water supply management, the enabling act that established the District also provides for a broad range of other powers such as wastewater and storm water disposal, recreation, fire protection services, and electrical production/ transmission. The District does not deliver water directly to retail water customers.

The District is governed by an elected Board of Directors who has authority to manage and conduct the business and affairs of the District, including the authority to fix terms and conditions of employment (including compensation) of District employees. The Board is authorized to delegate those powers. The Board has retained authority to employ and set terms and conditions for employment of the General Manager of the District, but the General Manager has management authority over subordinate employees.

In order for a Board of Directors to function in an effective manner, it is important that each member understand his/her respective role and the relationship they have to other members of the Board and to the General Manager. This also requires an understanding of the level of performance required to carry

out the duties of a Board Member. The officers of the Board of Directors include the President, Vice-President, Treasurer and Secretary. Officers of the District are selected every two years corresponding with the general election for the Board or as otherwise determined by the Board of Directors.

## Chapter 2 – Board Values and Principles

Adherence to established organizational values and principles are intended to promote a collaborative work environment that encourages sharing, creativity, openness to new ideas, and an emphasis on customer satisfaction towards the District's ratepayers and retail agencies.

### Putting Board Values into Play

#### Service Delivery

- Strive to exceed customers' expectations and proactively explore opportunities to provide better service
- Emphasize thoroughness and completeness
- Treat every person with kindness and dignity
- Be courteous, responsive, and professional
- Actively listen to understand others

#### Leadership

- Take ownership of, and responsibility for, actions, risks, and results
- Use outcomes, whether positive or negative, as learning opportunities
- Make sound decisions from experience, good judgment and collaboration
- Give and seek clear expectations
- Look for solutions that contribute to desired results
- Act in all endeavors with an ethical, transparent, honest and professional manner
- Honor commitments in order to build trust
- Be truthful in word and deed

#### Openness

- Approach every situation with good intentions
- Encourage new and diverse ideas
- Listen, cooperate, and share across the organization
- Value and recognize individual contributions

#### Balance

- Recognize the need for personal and professional balance
- Do not forsake long-term goals in order to satisfy short-term needs. The Board should recognize that all decisions produce both positive and negative long and short term consequences, and as

such should seek to balance all decisions to produce the best possible result for ratepayers and our retail customers.

- Support an environment that is optimistic and enjoyable in which relationships can prosper across the organization

## **Guiding Principles**

1. Insuring a safe and efficient water delivery system.
2. Designing and administering the highest quality, secure and innovative programs.
3. Delivering services in an equitable, accurate, courteous, professional and prompt manner.
4. Providing meaningful information and education to all customers in a timely manner.
5. Attracting, developing, and retaining a competent, creative and highly motivated workforce.
6. Maintaining public trust by being transparent, ethical, sensitive, effective, and cost efficient in service to ratepayers, retail agencies and employees alike.
7. Behaving in a manner that demonstrates members of the Board are respected leaders in the community.

## Chapter 3 – Board Member Interaction

When the members of the San Bernardino Valley Municipal Water District Board are elected to office, there is an expectation that they will bring a body of personal experience, knowledge and judgment to the development of good public policies. However, there is also an expectation that each individual will strive to work with fellow Board members and District staff as part of a team to address the various challenges and opportunities that are presented to them. The following represents Board member “best practices” for interacting with each other.

1. Board members are representatives for the ratepayers and retail agencies of this District. Their allegiance and primary responsibility is to District constituents.
2. The Board is responsible for creating and maintaining a District culture that demonstrates respect for the needs of ratepayers and retail agencies at all times.
3. Relationships between Board members should always be professional. When Board members fail in this regard, Directors may need to report this to the Board President (if the Board President is the member failing in this regard, Directors should then report it to the Vice President). Directors that engage in unprofessional behavior shall first meet with the Board President, and where appropriate, be offered professional counseling. As a second step, the Board President may offer group counseling to the entire Board. It should be noted that the Board President has no power to dictate any member of the Board participate in counseling.
4. Board members are knowledgeable about Robert's Rules of Order related to the governance of a meeting and the Brown Act related to communication among members of the Board. Board members acknowledge that they understand communication includes electronic, written and verbal methods.
5. Board members lead by example in their interaction and communication style and practice.
6. Personal attacks against fellow Board members or staff are not representative of a constructive culture. Board members are encouraged to disagree using appropriate language and treat peers with whom they disagree with respect and dignity.

## Chapter 4 – Staff Interaction

The efficient and effective delivery of services to the customers of the San Bernardino Valley Municipal Water District is a collaborative effort between the elected members of the Board of Directors and those individuals employed to execute the District's day-to-day operations.

### **The Board's Relationship with the General Manager**

One of the most vital relationships the District Board has is between itself and its General Manager. The General Manager is the Chief Executive Officer for the Board and is the one to whom the Board delegates its authority to manage and administer the District's daily operations in accordance with approved policies. This position is important because to be successful, the District requires a General Manager that has the skills to implement the vision of the Board and manage the other members of the staff.

The Board shall select a General Manager that supports the vision of the Board and has the leadership skills necessary to successfully undertake and implement the Board's vision. In this capacity, the General Manager has two roles: Chief Executive Officer and serving as the chief advisor to the Board.

In addition to members of the Board, the General Manager is the most visible employee of the District and is often responsible for representing the District in a variety of circumstances to our constituencies.

Much of the District's success will depend upon a positive relationship between the Board and its General Manager. Paradoxically, the leadership nature of both parties means that this relationship will likely create some inherent tensions; a Board and a General Manager will not always agree on every action taken by the General Manager in the implementation of District projects. However, both must consciously focus on maintaining a shared sense of purpose, open communication, transparency, honesty, trust and mutual support. While the General Manager is hired to carry out Board policy directives, the Board also looks to him/her for guidance and leadership.

One of the most important decisions a Board will make is the selection of a General Manager in whom they have confidence. The Board must be able to support the implementation decisions of the General Manager and grant him/her the authority to manage and lead the District in the day to day implementation of programs and policies approved by the Board. This is critical for building the General Manager's credibility with the staff and the community.

It is the General Manager's responsibility to ensure that the Board members have all the information they need to make Board-level decisions and that all Board members are provided the same information. Board members expect the General Manager to make a recommendation on every issue before the Board, except those that are strictly reserved to the Board.

The following are guidelines are intended to help define the relationship between the Board and the General Manager:

1. The Board will provide the General Manager with an annual list of goals and/or projects that will be the basis for an annual performance review.
2. The Board of Directors will provide the General Manager with a written evaluation annually.
3. Board members are encouraged to contact the General Manger about any subject related to the operations of the District. Similarly, the General Manger may discuss any District related issue with any member of the Board of Directors.
4. Concerns regarding overall District operations or specific department issues or department heads are addressed with the General Manager.
5. Critical information will be provided to all members of the Board by the General Manager, which feedback may be verbal, written, or electronic in nature.
6. The General Manager has complete authority over staff and interdepartmental issues that may arise.
7. The General Manager shall advise the Board of Directors when he/she is out of the office for an extended period of time and shall designate the individual who shall be acting General Manager during that time.

## **Interactions with Staff**

District staff serves the entire Board of Directors as a whole. Consequently, the Board should adhere to the following guidelines in its interaction with the staff:

1. To promote a healthy working relationship between Board members and staff, the General Manager should identify opportunities, on a regular basis, for both parties to interact professionally and socially.
2. A Board member shall not direct staff to initiate any action, change a course of action, or prepare any report without the approval of the General Manager and, if necessary, a majority of the Board. This does not imply that individual members of the Board are prohibited from asking a question to an individual member of the District staff, such as requesting a copy of a document or report.
3. Board members shall not attempt to pressure or influence discussions, recommendations, workloads, schedules, or priorities.
4. When preparing for Board meetings, Board members should first seek to direct their questions to the General Manager so that staff can provide the desired information in advance or at the Board meeting. Questions asked on the dais are not discouraged as open dialogue may help peers in their understanding and decision making. Nothing in the aforementioned statements discourage open and transparent discussion by the members of the Board in open session.
5. Any concerns by a member of the Board regarding the behavior or work of a District employee should be directed to the General Manager privately to ensure that the concern is addressed. Board members shall not reprimand employees directly nor should they communicate their concerns to anyone other than the General Manager.

Soliciting political support from staff (e.g., financial contributions, display of posters or lawn signs, name on support list, etc.) is prohibited. District staff may, as private citizens with constitutional rights, support political candidates, but all such activities must be done away from the workplace and may not be conducted while on the job.



## Chapter 5 – Governance

The orderly conduct of District business is guided by certain rules, regulations and procedures that are intended to afford equal opportunity for input on policy-making decisions to both Board members and the public. While many governance guidelines are embodied in State law, others are subject to Board discretion.

### **Election of Officers**

Pursuant to Section 71273 of the Water Code, at its first meeting in the month of January of each odd-numbered year, the Board shall elect one of its members President. The Board may at any meeting elect one of its members Vice President.

The Board shall also designate the General Manager, Board Secretary and Treasurer.

### **Roles of the President and Vice President of the Board of Directors**

1. The President of the Board of Directors is selected following the normal board election cycle for a 2-year term, unless otherwise modified by the Board.
2. The President of the Board is selected by the Board of Directors. In addition to the duties of the President described below, the President presides at all Board of Directors meetings, makes rulings on procedural points of order, and should keep meetings on track and productive. The President should encourage open discussion and allow all members the opportunity to express their views. The President should lead and guide the Board of Directors and provide a stabilizing influence and bring out the best in all members.
3. The President appoints all committees, standing and Ad Hoc. The President may create a new committee or abolish an existing committee with the approval of a majority of the Board.
4. Any member of the Board may propose the establishment of a new committee at a Board Workshop to ascertain whether a majority of the Board wishes to establish a new Committee
5. Any member of the Board may propose the abolition of a standing or ad hoc committee that he/she feels is no longer needed by the District at a Board Workshop to ascertain whether a majority of the Board wishes to abolish the committee.
6. The President coordinates the efforts of committees; integrates committee work with that of the Board of Directors, and defines committee relationships. The President makes declarations, extends official recognition of groups or events, and regularly communicates with the General Manager. The President and other Board members can request an item to be placed on the Board agenda.
7. The Board shall govern the succession of the President and Vice-President.

8. The Vice-President remains as one member of the Board and has no rights or authority different from any other member of the Board. However, in the event of a temporary absence of the President, or an early vacancy in the position of Board President, the Vice-President shall become the Board President and shall continue as such until the Board President's temporary absence is complete or for the remaining portion of the outgoing Board President's term as Board President.
9. In the event the position of President is vacated prior to the expiration of his/her term, the Vice-President shall become the President for the remaining portion of the outgoing President's term, unless otherwise directed by the Board.
10. In the event of an early vacancy in the position of Vice-President, the Board shall determine, by vote, a replacement to fulfill the remaining portion of the outgoing Vice-President's term.
11. The President acts as the ceremonial head or representative of the District at various civic functions, and in his/her absence, the Vice-President serves in this capacity.
12. The President is the designated spokesperson for the Board of Directors when requests are made from external sources. The President may elect to appoint one of the other Board members to serve in this capacity.
13. The President acts as the signatory on all documents requiring the Board's execution. The Vice-President may do so in the President's absence.
14. The President may make representative assignments annually, or as may be warranted anytime throughout the year, with the concurrence of Board members invited to serve in such capacities.

## **Time and Place for Regular Meetings**

The regular monthly meeting of the Board of Directors will be held on the first and third Tuesday of each month commencing at 2:30 pm at a site determined by the Board.

## **Quorum Requirements**

Three members of the Board will constitute a quorum for the transaction of business.

## **Board Meeting Protocol**

1. All noticed meetings of the Board of Directors shall be conducted using Robert's Rules of Order. Robert's Rules provide for constructive and democratic meetings and are intended to help, not hinder, the business of the Board. Under no circumstances should "undue strictness" be allowed to intimidate or limit full participation.
2. Public comment shall be received pursuant to the Ralph M. Brown Act. Board members should establish time limits for public comment and it is suggested that five minutes provides a member of the public with adequate time to fully express their concerns. Through a motion to the President, any Director may move to extend the time limit for individual speakers on matters not constitutionally otherwise dictated. The Board shall treat members of the public with courtesy and respect.

3. When possible, corrections to official minutes of the Board of Directors public meetings should be provided to the Board Secretary or General Manager in advance for approval at the next regular Board meeting. This does not prohibit a Board Member that finds an error in minutes to be approved at a meeting from taking action at that time as needed.
4. The General Manager shall inform the Board of items of significance that will be placed on future agendas.
5. The General Manager meets with the Board President prior to the Board meetings to review and prepare for the upcoming meeting.
6. At the direction of the General Manager, department heads or appropriate departmental managers will be present at every meeting if they have an item on the agenda.
7. The time during the Board Announcements portion of the Agenda shall be utilized for public education purposes regarding District programs and services.
8. Board members acknowledge that Director Reports at regular Board Meetings are not the ideal time to ask staff for studies and reports or to express complaints. Board Workshops or individual conversations with the General Manager are preferable. At the same time, Board members are never prohibited from taking any action that a Director deems necessary.

## **Voting**

A majority of all members of the Board present at a meeting will be required to approve any ordinance, resolution or motion, unless a different voting requirement to approve a particular action is specified under State law.

1. Each member may speak on an item prior to the making of a motion.
2. Roll call votes are required on all ordinances and resolutions considered by the Board. On other items, a roll call vote may be requested by any member of the Board.
3. Once an agenda item has been voted on, the disposition is considered as the "action" of the Board of Directors. Individual members of the Board that did not support the action should not seek to undermine the success of that decision. This not does imply that individual Board members may state publicly that they did not support the action taken by the Board or the reasons why.

## **Closed Session**

1. All closed session discussions and materials are considered legal and confidential information, and as such, are not shared outside the closed session meeting unless specific action is taken, and then must be reported out of closed session.
2. Closed session staff reports are to be returned to the General Manager and/or District counsel immediately following the meeting: provided, however, that members may retain staff reports for their personal consideration until the item is revised or resolved, subject to the confidentiality requirements of the preceding paragraph. Electronic copies of the reports will not be provided to the Board.

3. Closed session meetings may be held at times other than the regular meetings of the Board of Directors so long as the meeting is posted pursuant to the prevailing open meeting (Brown Act) rules.
4. Closed sessions agendas should be retained by the Board Secretary until an item is revised or resolved so Directors have access to the prior meeting materials as well as reduce waste by the District.

A Board Member should refer a request for information regarding a closed session item to the General Manager who in concert with the District's legal counsel, will prepare an appropriate response.

## Chapter 6 – Public Interaction

As a public body, it is important for the San Bernardino Valley Municipal Water District Board of Directors to establish a working environment that encourages public participation and trust. During their time as elected officials, Board members will have a wide range of interactions with the public including written communication (i.e., letters, email, etc.), social media, phone calls, face-to-face, social functions, regular and special Board meetings, etc. The following guidelines represent Board member “best practices” for interacting with the public.

### Customer Concerns and Complaints

1. All customer and ratepayer concerns and inquiries received by the District shall be referred to the General Manager.
2. Staff will provide the Board with a written or verbal report of customer concern or inquiry that cannot be handled as a routine manner. Staff will also provide the Board with a response to the concern or inquiry.
3. The Board will be informed of significant, politically sensitive, urgent and/ or repetitive telephone or electronic communication inquiries. Staff will research the request as soon as possible, and provide the General Manager with the appropriate follow-up and response. The General Manager will review the communication prior to dissemination to the Board.
4. Copies of any written or electronic responses to customer concerns provided by a member of the Board shall be provided to the other members of the Board of Directors as well.
5. Information that may expose the District to liability will be shared with the Board at a noticed, closed session meeting of the Board of Directors.

### Public Input on the Agenda

1. Input from the public on any agenda item shall take place after the report from staff unless members of the Board have clarifying questions. This allows Board members to hear public concerns and ask additional questions that may emerge and be warranted. Directors should be cognizant that a majority of the Board may not state agreement about a non-agendized issues to avoid a violation of the Brown Act.
2. Agenda items noticed on the agenda for public hearing will follow procedures as outlined by the District's legal counsel.
3. Any Board member elect to defer action on an item brought forward by the public until such time as staff can prepare an appropriate response.
4. The President is responsible for maintaining an orderly progression of the business before the Board,

## Representing an Official District Position

In order to ensure that they are properly representing their positions as elected officials of the San Bernardino Valley Municipal Water District, Board members should adhere to the following guidelines:

1. Board members may use their title only when conducting official District business, for information purposes, or as an indication of background and expertise.
2. Once the Board of Directors has taken a position on an issue, all official District correspondence regarding that issue will reflect the Board's adopted position.
3. In most instances, the Board will authorize the President of the Board to send letters stating the District's official position to appropriate legislators.
4. No Board member is permitted to attend a meeting of any outside agency or organization as an official representative of the District without prior Board authorization. Meetings of outside agencies and organizations that are included on the District's list of Representative Assignments are to be attended by the designated Board member and/or alternate. Other Directors are not prohibited from attending, but may not participate or request compensation.
5. If a member of the Board appears before the meeting of another governmental agency organization to give a statement on an issue affecting the District (including Representative Assignments), the Board member shall indicate the majority position and opinion of the Board. (NOTE: Board members shall report on any actions taken at the next Board meeting).
6. Personal opinions and comments that may be contrary to adopted policy may be expressed only if the Board member clarifies that these statements do not reflect the official position of the Board or the District. To be clear, any Director may speak on any matter as an individual at any time.
7. Board members should exercise caution when utilizing the news media, social media or other forms of communications to specifically express views which are in opposition to adopted Board policy. Again, the Board member must clarify that these statements do not reflect the official position of the Board or the District.
8. When two Board members are authorized/assigned by the Board to attend a meeting as the District's official representative, other Board members may not participate at the meeting in order to avoid violations of the Ralph M. Brown Act.
9. Attendance at a water retail meeting, council meeting, or other meeting of an outside agency or organization and reporting on activities or decisions made by the District will not be considered as violating the provisions of the Handbook provided that any reports or discussions either reflect the decisions made by the Board as a whole or are identified as being presented by the Board member "speaking as an individual" and not as the official position of the Board. Qualification for per diem will depend on the specific meeting and whether it is approved categorically or by Board action and will be determined under the District's current adopted Resolution titled Establishing Rules and Procedures for Compensation of Directors and for Reimbursement of Directors and Staff, a current copy of which is included in Appendix 2 of this Handbook.

## Chapter 7 – Director's Code of Conduct

In order to promote the public's trust in Board policies and to ensure the most effective and efficient delivery of District services, members of the Board shall abide by a Director's Code of Conduct which includes provisions relating to conflict of interest, the handling of legal matters, ethics training, and enforcement:

### Conflict of Interest

Exercising independence and impartiality on behalf of the public good is a fundamental goal of any elected body. State law prohibits Board members from using their official positions to influence government decisions in which they have a financial interest or where they have an organizational responsibility or a personal relationship that would present a conflict of interest. Accordingly, the Political Reform Act requires every state and local agency to adopt a conflict of interest code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The individuals in the designed positions must disclose their financial interests as specified in the agency's conflict of interest code (Form 700). The District's current adopted Resolution regarding the Conflict of Interest Code is included in Appendix 2 of this Handbook.

In accordance with applicable State laws, the following provisions shall apply to all Board member actions:

1. A Board member will not have a financial interest in a contract with the District, or be a purchaser at a sale by the District or a vendor at a purchase made by the District, unless the Board member's participation was authorized under Government Code sections 1091 or 1091.5, or other provisions of law.
2. A Board member will not participate in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code sections 81000, and following, relating to conflicts of interest. Generally, a Board member has a financial interest in a matter if it is reasonably foreseeable that the Board decision would have a material financial effect (as defined by the Fair Political Practices Commission's ["FPPC"] regulations) that is distinguishable from the effect on the public generally on:
  - a. A business entity in which the Board member is a director, officer, partner, trustee, employee, or manager and has a direct or indirect investment in the amount specified in the then-effective FPPC regulations;
  - b. Real property in which the Board member has a direct or indirect investment interest, with a worth in the amount specified in the then-effective FPPC regulations;
  - c. A source of income of the Board member in the amount specified in the then-effective FPPC regulations, within twelve months before the Board decision;
  - d. A source of gifts to the Board member in an amount specified in the then-effective FPPC regulations within twelve months before the Board decision;

- e. The Board member's personal expense, income, assets or liabilities, and those of his or her immediate family, are likely to go up or down in a 12-month period as a result if the decision by the amount specified in the then-effective FPPC regulations.
3. If a Board member believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed:
  - a. If the Board member becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Board member will notify the District's General Manager and the District's legal counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest;
  - b. If it is not possible for the Board member to discuss the potential conflict with the General Manager and the District's legal counsel before the meeting, or if the Board member does not become aware of the potential conflict until during the meeting, the Board member will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest;
  - c. Upon a determination that there is a disqualifying conflict of interest, the Board member: (1) will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists, which will be so noted in the Board minutes; and (2) leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters (i.e., the consent calendar), in which case the Board member will identify the nature of the conflict and not vote on the specified item on the consent calendar. If the item is agendaized for discussion and possible action, the Board member may speak on his or her personal interests in the matter during the time that the general public speaks on the issue but must leave the room during Board discussion and action on that item.
4. A Board member will not recommend the employment of a relative by the District. A Board member will not recommend the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with the District.

## Handling of Legal Matters

The Board appoints the District's legal counsel to provide a wide range of professional legal services, assistance, and legal advice to the Board of Directors, General Manager and all District departments and offices.

1. The following guidelines shall be employed by Board members when dealing with legal and/or other confidential matters:
  - a. All written materials and verbal information provided to Board members on matters that are confidential and/or privileged under State law shall be kept in complete confidence to ensure that the District's position is not compromised. No disclosure or mention of any information in these materials may be made to anyone other than Board members, the General Manager or the District's legal counsel.



- b. Confidential materials provided to Board members outside of closed sessions must be destroyed, deleted, or returned to staff within thirty (30) days of their receipt.
  - c. Board members may not request confidential written information from staff that has not been provided to all Board members.
2. All Board members who are desirous of contact with the District's legal counsel, his or her staff, and/or attorney(s) contracted to work on behalf of the District shall first consult with the General Manager or in the event that the Director's concern relates to the General Manager, consult with the Board President. Board members cannot enjoy or establish an attorney-client relationship with said attorney(s) by consulting with or speaking to same. Any attorney-client relationship established belongs to the District, acting through the Board of Directors, and as may be allowed in State law for purposes of defending the District and/or the Board in the course of litigation and/or administrative procedures, etc.

## **Ethics Training**

AB 1234 requires elected or appointed officials who are compensated for their service or reimbursed for their expenses to take two hours of training in ethics principles and laws every two years. Those who enter office after January 1, 2006 must receive the training within a year of starting their service. They must then receive the training every two years after that.

The training must cover general ethics principles relating to public service and ethic laws including:

1. Laws relating to personal financial gain by public officials (including bribery and conflict of interest laws);
2. Laws relating to office-holder perks, including gifts and travel restrictions, personal and political use of public resources, and prohibitions against gifts of public funds;
3. Governmental transparency laws, including financial disclosure requirements and open government laws (the Brown Act and Public Records Act);
4. Laws relating to fair processes, including fair contracting requirements, common law bias requirements, and due process.

## **Enforcement**

Any actual or perceived violation of District policies, including the Code of Conduct, by a Board member should be referred to the President of the Board or the full Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the District, including but not limited to:

1. Adoption of a resolution expressing disapproval of the conduct of the Board member who has violated this policy (i.e., censure);
2. Injunctive relief;
3. Referral of the violation to the District Attorney.

# APPENDIX 1

Selected Provisions of the California Water Code  
(Division 20, Parts 3 – 7)

**Appendix 1**  
**California State Water Code**  
**DIVISION 20. MUNICIPAL WATER DISTRICTS**  
**(Selected References)**

The San Bernardino Valley Municipal Water District is an independent government agency which functions pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. Those provisions of Division 20 of the Water Code (Municipal Water Districts) which are most applicable to the District’s authority, power and operation have been included as references below.

**PART 3. INTERNAL ORGANIZATION**

CHAPTER 1. DIRECTORS.....	<a href="#">71250-71256</a>
CHAPTER 2. THE BOARD	
Article 1. In General .....	<a href="#">71270-71282</a>
Article 2. Powers and Duties.....	<a href="#">71300-71314</a>
CHAPTER 3. OFFICERS AND EMPLOYEES	
Article 1. In General .....	<a href="#">71340-71342</a>
Article 2. Duties.....	<a href="#">71360-71365</a>

**PART 4. ELECTIONS**

CHAPTER 1. ELECTIONS GENERALLY.....	<a href="#">71450-71454</a>
CHAPTER 2. PREPARATION OF BALLOTS .....	<a href="#">71461-71463</a>
CHAPTER 3. PRECINCTS AND POLLING PLACES .....	<a href="#">71473</a>
CHAPTER 4. ELECTION OF DIRECTORS	
Article 1. In General .....	<a href="#">71500-71505</a>
Article 2. Appointment in Lieu of Election .....	<a href="#">71512</a>
CHAPTER 5. INITIATIVE, REFERENDUM, AND RECALL .....	<a href="#">71530-71531</a>
CHAPTER 6. RELOCATION OF DIVISION BOUNDARIES.....	<a href="#">71540</a>

**PART 5. POWERS AND PURPOSES**

CHAPTER 1. POWERS GENERALLY .....	<a href="#">71590-71601</a>
CHAPTER 2. WATER	
Article 1. Development and Sale.....	<a href="#">71610-71618</a>
Article 2. Standby Charges .....	<a href="#">71630-71637</a>
Article 2.5. Alternative Provisions for Standby Charges .....	<a href="#">71638-71638.4</a>

Article 2.7. Standby Assessments .....	<a href="#">71639</a>
Article 3. Water Shortages .....	<a href="#">71640-71644</a>
<b>CHAPTER 3. OTHER FUNCTIONS</b>	
Article 1. Recreation and Electrical Power .....	<a href="#">71660-71664</a>
Article 2. Sewage, Waste, and Storm Water Disposal .....	<a href="#">71670-71674</a>
Article 3. Fire Protection .....	<a href="#">71680</a>
Article 4. Water Replenishment Assessment.....	<a href="#">71682-71689.9</a>
Article 5. Sanitation Service .....	<a href="#">71689.20-71689.27</a>
<b>CHAPTER 4. PROPERTY .....</b>	<a href="#">71690-71700</a>
<b>CHAPTER 5. CONTRACTS</b>	
Article 1. Contracts With Other Agencies .....	<a href="#">71720-71726</a>
<b>CHAPTER 6. CONTROVERSIES .....</b>	<a href="#">71750-71760</a>
 <b>PART 6. FINANCIAL PROVISIONS</b>	
<b>CHAPTER 1. WARRANTS .....</b>	<a href="#">71800-71801</a>
<b>CHAPTER 2. PROMISSORY NOTES.....</b>	<a href="#">71810-71814</a>
<b>CHAPTER 3. ADOPTION OF IMPROVEMENT ACTS.....</b>	<a href="#">71820-71823</a>
 <b>PART 7. BONDS</b>	
<b>CHAPTER 1. IN GENERAL.....</b>	<a href="#">71852-71854</a>
<b>CHAPTER 2. INITIATION OF PROCEEDINGS FOR ISSUANCE OF BONDS</b>	
<b>FOR ENTIRE DISTRICT.....</b>	<a href="#">71860-71861</a>
<b>CHAPTER 3. FORMATION OF IMPROVEMENT DISTRICTS FOR ISSUANCE</b>	
<b>OF BONDS</b>	
Article 1. Initiation of Proceedings.....	<a href="#">71870-71875</a>
Article 2. Hearing and Changes.....	<a href="#">71880-71883</a>
Article 3. Formation .....	<a href="#">71890-71892</a>
Article 4. Calling on Bond Election.....	<a href="#">71900-71901</a>
Article 5. Advance of Funds .....	<a href="#">71910-71911</a>
<b>CHAPTER 4. FORMATION OF UNINHABITED IMPROVEMENT DISTRICTS</b>	
<b>FOR ISSUANCE OF BONDS</b>	
Article 1. Initiation of Proceedings.....	<a href="#">71920-71924</a>
Article 2. Bond Election .....	<a href="#">71930-71934</a>
Article 3. Advance of Funds .....	<a href="#">71936-71937</a>

CHAPTER 5. BOND ELECTION..... [71940-71947](#)

CHAPTER 6. ISSUANCE AND SALE OF BONDS

    Article 1. Issuance and Terms ..... [71950-71960](#)

    Article 2. Sale of Bonds and Use of Proceeds ..... [71970-71975](#)

CHAPTER 7. FORMATION OF IMPROVEMENT DISTRICTS FOR ISSUANCE  
    OF REVENUE BONDS

    Article 1. Initiation of Proceedings..... [71980-71985](#)

    Article 2. Hearing and Changes..... [71986](#)

    Article 3. Formation of Revenue Improvement District ..... [71987-71990](#)

    Article 4. Calling of Revenue Bond Election ..... [71991-71994](#)

    Article 5. Advance of Funds ..... [71995-71996](#)

# APPENDIX 2

District Policies Adopted by the Board

## **Appendix 2**

### **San Bernardino Valley Municipal Water District**

#### **Board-Approved Policies**

The Board of the San Bernardino Valley Municipal Water District has adopted a series of organizational policies over the years that have not been incorporated into any formal resolutions or ordinances. These policies have been included as references below.

#### **HARASSMENT POLICY**

Summary: The District will not tolerate verbal or physical conduct by any employee who harasses, disrupts, or interferes with another's work performance or who creates an intimidating, offensive or hostile environment.

#### **TECHNOLOGY POLICY**

Summary: The District's information systems and technology resources, including all computer, data and telecommunications hardware and software, are critical to its business and success. These systems are owned by the District. All messages and other information communicated through these systems are also the property of the District. These systems are to be used only to further the business purposes of the District and should never be used in violation of any applicable laws. The District has the right to terminate any employee's access to and use of any of these systems at any time with or without cause and with or without notice. The District may also take disciplinary action at its sole discretion, including termination, for any use of these systems that is not in accord with this Policy or any other policies of the District.

#### **DEBT MANAGEMENT POLICY**

Summary: This policy documents the District's goals for the use of debt instruments and provides guidelines for the use of debt for financing the District's infrastructure needs. While capital programs are primarily funded by reserves in accordance with the District's existing practice, and while the District intends to limit long-term borrowing to capital improvements or projects that cannot be financed with current revenues or that represent regional partnership projects, the District will evaluate on a case by case basis the merits of debt financing as part of the successful implementation of its goals and objectives.

#### **INVESTMENT POLICY**

Summary: The Statement of Investment Policy is intended to provide guidelines for the prudent investment of the District's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of the District's cash management system. The goal is twofold: one is to preserve the District's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investment.

## RESERVE POLICY

Summary: A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. The District desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs where reserve funds are required and/or necessary. The Board of Directors realize the importance of reserves in providing reliable service to its customers, financing long-term capital projects, and the funding of emergencies should they arise. In this context, the District will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Funds will be accumulated and maintained to allow the District to fund expenditures in a manner consistent with the District's Capital Improvement Plan, and avoid significant rate fluctuations due to changes in cash flow requirements.



# APPENDIX 3

Summary of the FPPC and Political Reform Act

## Appendix 3

### Summary of the FPPC and Political Reform Act

In June 1974, the passage of Proposition 9 by California voters created the Political Reform Act which sought to reign in the potential corruptive influence of special interests by imposing the most rigorous restrictions on fundraising and lobbying in the country. The Act regulates campaign financing, conflicts of interest, lobbying, and governmental ethics and is administered by the five-member Fair Political Practices Commission (FPPC) whose mission is to ensure that public officials act in a fair and unbiased manner in the governmental decision-making process, to promote transparency in government, and to foster public trust in the political system. The specific goals of the FPPC are:

1. To diligently prosecute serious violations of the law, ensuring that officials operate in a way that does not betray the public's confidence.
2. To increase transparency by utilizing technology to provide "smart disclosure," giving more people easy access to vital information about their public officials and campaign financing.
3. To concentrate on adopting meaningful reforms while maintaining the highest ethical standards.

The FPPC enacts regulations that implement the law, issues advice letters, and adopts advisory opinions that apply the Act as well as the regulations to particular circumstances.

### Overview of Political Reform Act

The Political Reform Act is found in Title 9 of the Government Code, Sections 81000 to 91014. Its mission is to serve as the legal bedrock of governmental ethics in California. It regulates:

- **Financial Conflicts of Interest by Public Officials:** An elected official has a conflict of interest with regard to a particular government decision if it is sufficiently likely that the outcome of the decision will have an important impact on your economic interests, and a significant portion of your jurisdiction does not also feel the important impact on their economic interests. This law applies only to financial conflicts of interest; that is, conflicts of interest arising from economic interests. Whether an elected official has a conflict of interest that disqualifies him/her depends heavily on the facts of each governmental decision. The most important proactive step an elected official can take to avoid conflict of interest problems is learning to recognize the economic interests from which conflicts of interest can arise.
- **Campaign Finance:** The law requires detailed disclosure of the role of money in California politics. This includes the disclosure of contributions and expenditures in connection with campaigns supporting or opposing state and local candidates and ballot measures as well as the disclosure of expenditures made in connection with lobbying the State Legislature and attempting to influence administrative decisions of state government.
- **Lobbyist Registration and Reporting:** The purpose of lobbyist regulation as stated in the Act is: "The activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials". The main provisions of the PRA related to lobbying govern the definition of who is a lobbyist, a lobbying firm and a lobbyist employer. These sections also provide for the registration of lobbyists, lobbying firms and their

clients, called “lobbyist employers”, and for quarterly reporting of specified activities and expenditures, including detailed information about what lobbyists are paid, by whom, and which bills or regulations they lobbied for or against. No other California professionals are required to provide such detailed information concerning their activities and finances.

- **Post-Governmental Employment:** The Act places several restrictions on the activities of public officials who are leaving governmental employment. After leaving a government job, state officials are restricted by both a "one-year" ban against certain types of activity, and a "permanent" ban against very specific types of activity. For certain local officials and air pollution control/air quality management district members, officers, or employees, post-employment activities are also restricted by a similar "one-year" ban. Additionally, all public officials who are anticipating leaving governmental service are restricted from attempting to influence their prospective employment opportunities while working for a government agency.
- **Political Mass Mailings:** A mailing is prohibited under the Act if each of the following criteria is met (subject to one or more exceptions as provided for in the law):
  - A tangible item, such as a newsletter or brochure, is delivered, by any means, including by transmission of a fax, to a person’s residence, place of employment or business, or post office box. Note: Emails, website postings, text messages, and recorded telephone messages/robocalls are not considered tangible items and therefore, not subject to the Act’s mass mailing at public expense restrictions.
  - The item sent either features an elected officer affiliated with the agency (by including the officer’s photo or signature, or singling out the officer by the manner his or her name or office is displayed), or the item includes a reference to an elected officer affiliated with the agency and the item is prepared or sent in cooperation with the elected officer.
  - Any of the costs of distribution are paid for with public moneys, or if public funds are not used for the actual distribution, in excess of \$50 in public moneys is used to design, produce, or print the item and the design, production, or printing is done with the intent of sending the item other than as permitted by Regulation 18901.
  - More than 200 substantially similar items are sent in a calendar month, excluding any item sent in response to an unsolicited request.
- **Gifts and Honoraria given to Public Officials and Candidates:** The Act imposes limits on gifts, prohibits honoraria payments, and imposes limits and other restrictions on the receipt of travel payments received by:
  - Local elected officers and other local officials specified in the Government Code, excluding judges.
  - Designated employees of local government agencies (i.e., individuals required to file statements of economic interests under a local agency’s conflict of interest code).
  - Candidates for any of these offices or positions and judicial candidates.

The Act also imposes limits and other restrictions on personal loans received by certain local officials.

# APPENDIX 4

Summary of the Ralph M. Brown Act

## Appendix 4

### Summary of the Ralph M. Brown Act

The Ralph M. Brown Act (Brown Act) or “Open Meeting Law” is found in the California Government Code § 54950 et seq. It was enacted in 1953 to guarantee the public’s right to attend and participate in meetings of local legislative bodies, and as a response to growing concerns about local government officials’ practice of holding secret meetings that were not in compliance with advance public notice requirements. The Brown Act’s primary purpose is to insure public official accountability for their actions and to allow full public participation in the decision making process.

#### Scope of the Brown Act

The Brown Act governs local agencies, legislative bodies of local government agencies such as city councils, county boards of supervisors, special districts, school boards, standing committees, and even some types of Home Owners Associations (if they were created by a public entity as a public district.)

#### Meetings

The Brown Act defines a meeting as “*any congregation of a majority of the members of a legislative body at the same time and place to hear, discuss or deliberate upon any item that is within the subject matter jurisdiction of the legislative body*”. In other words, when there is a quorum of the legislative body constituting a majority, the Brown Act considers that a meeting. This also applies to situations where a majority of the members of the legislative body are attending a social gathering (for which no meeting notice was given) and they start discussing business under their jurisdiction.

The key elements for a meeting are quorum and discussion, hearing or deliberation of issues; the meeting needs not to be formally convened in order to be subject to the Act. This would then include gathering which may be defined as informal, study, discussion, informational, fact-finding, or pre-council.

Some meetings are not covered by the Brown Act. Gatherings such as conferences and retreats, other public meetings, meetings of other legislative bodies, social or ceremonial events are exempt from the Brown Act provided that legislative members follow certain rules such as limiting the discussion to the agenda in the conference; or that legislative members do not discuss amongst themselves business of their legislative body. Also excluded from the application of the Brown Act are individual contacts or conversations between a member of a legislative body and any other person (i.e., non-staff or non-board member).

#### Serial Meetings

The Brown Act explicitly prohibits the use of “*...direct communication, personal intermediaries, or technological devices that is employed by a majority of the members of the legislative body to develop a collective concurrence as to action to be taken on an item by the members of the legislative body*”. Serial meetings involve communication between members of a legislative body that are less than a quorum, but when all participants are considered, it constitutes a majority. For example, a chain of communication involving contact from member A to member B who then communicates with member C

would constitute a "serial meeting" ... Similarly, when a person acts as the hub of a wheel (member A) and communicates individually with the various spokes (members B and C), a serial meeting has occurred.

In addition, a serial meeting occurs when intermediaries for board members have a meeting to discuss issues. For example, when a representative of member A meets with representatives of members B and C to discuss an agenda item, the members have conducted a serial meeting.

It should also be noted that legal precedence has established that the use of email to create consensus among the legislative members might be in violation of the Brown Act.

### **Teleconference Meetings**

The Brown Act allows teleconference meetings if they comply with the following specifications:

- The teleconference location is accessible to the public and it is noted in the agendas.
- The meeting is useful to the public and the legislative body.
- All votes are taken by roll call.
- At least a quorum of the members of the legislative body are located within the boundaries of the territory over which it exercises jurisdiction.

### **Closed Session Meetings**

The Brown Act allows closed sessions under the scope of a regular meeting. It stipulates that they shall comply with agenda posting and be held within the jurisdiction of the legislative body, which shall include a description of the items to be discussed. In addition, prior to holding any closed session, the legislative body shall disclose, in an open meeting, the item or items to be discussed in the closed session. The Act provides an extensive description of specific items that can be discussed by the legislative body in closed session.

The legislative body should publicly report actions, along with the vote and abstention count, taken as result of a closed session. Documentation relative to the reports should be available to any person on the next business day following the meeting.

### **Special Meetings**

Either the presiding officer or the majority of members of the legislative body may call special meetings at any time by delivering each of its members a written notice and by notifying the media (which has previously requested notification of special meetings): the notice shall be received at least 24 hours in advance before the meeting. Special meetings notice shall be also posted at least 24 hours prior to the meeting and it should be held in a location that is freely accessible to members of the public. The discussions at the special meeting are limited to the issues posted in the agenda. No other business shall be considered.

## Compliance

In order to comply with the Brown Act, local agencies must adhere to the following rules:

- Hold open and public meetings. No legislative body shall conduct any meeting in a facility that prohibits the admittance of any person(s) on the basis of: race, religion, color, national origin, ancestry, sex; or that is inaccessible to disabled persons, or where the public, in order to gain access to the facility, needs to pay or purchase something.
- Vote publicly - no secret ballots are allowed.
- Comply with the protections and prohibitions of Section 202 of the Americans with Disabilities Act of 1990.
- Do not require public registration, as a condition for attendance; the public is not required to register, provide any other information, or fulfill any condition precedent to its attendance. If an attendance list is circulated, it shall clearly state that the signing, registering, or completion of the document is voluntary.
- Allow recording of the proceeding (video tape, audio tape) provided that recording is done in an undistruptive way.
- Do not prohibit or restrict broadcasting unless there is a finding that this would be disruptive to the proceedings.
- Post notice of meetings, information shall include specified time and location, except for advisory or standing committees.
- Post agendas at least 72 hours in advance of the meeting. Such notice shall contain a brief general description of each item of business.
- Do not take action or discuss any item not appearing on the posted agenda except under certain conditions as provided by the Act.
- Hold meetings in the jurisdiction of the legislative body.
- Allow and honor any person's request to provide and mail a copy of the agenda at the time the agenda is posted (at least 72 hours in advance) or of all the documents of the agenda packet of any meeting.
- Provide an opportunity for comment from members of the public to directly address the legislative body on any item of interest to the public on every agenda for regular meetings.
- Allow public criticism of the legislative body.
- Hold at least one public meeting, allowing for public comment, before adopting any new or increased general tax or increased assessment. The legislative body shall provide at least 45 days public notice of such meeting.
- Do not charge fees for the attendance to a meeting or for carrying out any provision in the Brown Act. The only exception is when legislative bodies are allowed to charge a fee that covers the cost of mailing an agenda or agenda packet. The Act also prohibits meetings in a place where the public needs to pay or purchase something.
- Disclose to the public agendas of public meetings and any other writings, when distributed to all, or a majority of all, of the members of a legislative body of a local agency. In addition, under

the California Public Records Act these documents shall be made available upon request and without delay.

- Preserve the order in meetings. Moreover, if a group willfully interrupts a meeting and the order can only be restored by the removal of disruptive individuals, then the legislative body may order the meeting room to be cleared. The session might be reinitiated and representatives of the media shall be allowed to stay and attend the session. The legislative body may also establish a procedure for readmitting individual(s) not responsible for the disruptive conduct that caused the meeting room to be cleared.

## Violations of the Brown Act

Each member of a legislative body who has taken action in violation of any provision of the Brown Act, and where there was willful deprivation of information to the public, is guilty of a misdemeanor. Civil remedies (injunction, mandamus, declaratory relief and voiding past actions of the body) are provided in case of violation of the Brown Act (that is, for violations to requirements for: general open meeting, agenda posting, closed sessions, tax and assessment, special meetings and, emergency meetings). A court may award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant.

In order to correct a violation to the Brown Act, a complaint to cure and correct has to be filed by the interested party within 30 days of the date the action was taken during an open meeting and in violation of agenda requirements, or within 90 days of the date the action was taken for all other cases. Once the legislative body has received the complaint, it has 30 days to cure or correct the challenged action, if it fails to do so, a person then may file suit to void the action.



# APPENDIX 5

Form 700 – Statement of Economic Interests

## Appendix 5

### Form 700 – Statement of Economic Interests

The Political Reform Act (the Act) provides that public officials of local agencies such as city councils, county boards of supervisors, special districts, and school boards must disclose their "economic interests" periodically on forms provided by the Fair Political Practices Commission (FPPC). In addition, an agency is required to determine which of its other officials, commission members, and employees perform duties that involve potential conflicts of interest. The legislative body adopts a resolution outlining those positions, called "designated employees." These employees are required to disclose their economic interests.

Conflict of interest is a complex issue. Board members should carefully consider and monitor "gifts" from any person or organization whether the gifts are financial support, loans, event tickets, meals, etc. Many of these gifts may need to be reported and may present a conflict of interest when considering and/or voting on projects or issues related to the person presenting the gift. Questions relating to conflict of interest should be directed to the District's legal counsel or the FPPC.

The Form 700 Statement of Economic Interests (SEI) annual filings, due in April, cover the previous calendar year or from the last filing period, as required.

There are five components to the Form 700 SEI:

- **Assuming Office Statement** - If you are a newly appointed official or are newly employed in a position designated, or that will be designated, in a state or local agency's conflict of interest code, your assuming office date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected official, your assuming office date is the date you were sworn in.

Investments, interests in real property, and business positions held on the date you assumed the office or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the office or position is reportable.

- **Annual Statement:** Generally, the period covered is January 1, through December 31. If the period covered by the statement is different than January 1 through December 31, (for example, you assumed office between October 1 and December 31, or you are combining statements), you must specify the period covered.

Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur during the year.

- **Leaving Office Statement:** Generally, the period covered is January 1 through the date you stopped performing the duties of your position. If the period covered differs from January 1, through the date you stopped performing the duties of your position (for example, you assumed office between October 1 and December 31 or you are combining statements), the period covered must be specified. The reporting period can cover parts of two calendar years.

Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur during the year.

- **Candidate Statement:** If you are filing a statement in connection with your candidacy for state or local office, investments, interests in real property, and business positions held on the date of filing your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of filing your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective offices (e.g., county sheriffs, city clerks, school board trustees, or water district board members) must file candidate statements, as required by the conflict of interest code for the elected position. The code may be obtained from the agency of the elected position.

- **Amendments:** If you discover errors or omissions on any statement, file an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to refile the entire form. Obtain amendment schedules from the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

# APPENDIX 6

Summary of Robert's Rules of Order

## Appendix 6

### Summary of Robert's Rules of Order

Robert's Rules of Order provides a set of common rules and procedures for deliberation and debate that places all persons involved on an equal footing and insures consistency in the manner and language used during the conduct of a meeting. The comportment of any business activity is controlled by the general will of those involved, based on a shared acceptance that decisions will be made by a deliberate majority. Fairness dictates that a minority has the right to require the assembly to act according to its considered judgment after a full and fair "working through" of the issues involved. Robert's Rules facilitates constructive and democratic meetings and are intended to help, not hinder, the business of the assembly. Under no circumstances should undue strictness be allowed to intimidate members or limit full participation.<sup>1</sup>

### Guidelines<sup>2</sup>

The following are the essential guidelines of Robert's Rules that should be employed during a meeting:

- **Motion:** To introduce a new piece of business or propose a decision or action, a motion must be made by a group member ("I move that....."). A second motion must then also be made (raise your hand and say, "I second it."). After limited discussion the group then votes on the motion. A majority vote is required for the motion to pass (or quorum as specified in your bylaws.)
- **Postpone Indefinitely:** This tactic is used to kill a motion. When passed, the motion cannot be reintroduced at that meeting. It may be brought up again at a later date. This is made as a motion ("I move to postpone indefinitely..."). A second is required. A majority vote is required to postpone the motion under consideration.
- **Amend:** This is the process used to change a motion under consideration. Perhaps you like the idea proposed but not exactly as offered. Raise your hand and make the following motion: "I move to amend the motion on the floor." This also requires a second. After the motion to amend is seconded, a majority vote is needed to decide whether the amendment is accepted. Then a vote is taken on the amended motion. In some organizations, a "friendly amendment" is made. If the person who made the original motion agrees with the suggested changes, the amended motion may be voted on without a separate vote to approve the amendment.
- **Commit:** This is used to place a motion in committee. It requires a second. A majority vote must rule to carry it. At the next meeting the committee is required to prepare a report on the motion committed. If an appropriate committee exists, the motion goes to that committee. If not, a new committee is established.
- **Question:** To end a debate immediately, the question is called (say "I call the question") and needs a second. A vote is held immediately (no further discussion is allowed). A two-thirds vote is required for passage. If it is passed, the motion on the floor is voted on immediately.

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<sup>1</sup> Adapted from "Robert's Rules of Order - Summary Version", accessed online March 6, 2017, <http://www.robertsrules.org/>

<sup>2</sup> Adapted from "Parliamentary Procedure for Meetings", accessed online March 6, 2017, <http://www.ulm.edu/staffsenate/documents/roberts-rules-of-order.pdf>

- **Table:** To table a discussion is to lay aside the business at hand in such a manner that it will be considered later in the meeting or at another time ("I make a motion to table this discussion until the next meeting. In the meantime, we will get more information so we can better discuss the issue.") A second is needed and a majority vote required to table the item being discussed.
- **Adjourn:** A motion is made to end the meeting. A second motion is required. A majority vote is then required for the meeting to be adjourned (ended).

## Parliamentary Application<sup>3</sup>

The following provides examples of how members of an assembly utilize Robert's Rules of Order during a meeting:

- **Main Motion:** A main motion must be moved, seconded, and stated by the chair before it can be discussed.
- **Second the Motion:** If you want to move, second, or speak to a motion, address the chair.
- **Vote to Approve:** If you approve the motion as is, vote for it
- **Vote to Disapprove:** If you disapprove the motion, vote against it
- **Changing the Motion:** If you approve the idea of the motion but want to change it, amend it or submit a substitute for it
- **Need More Information:** If you want advice or information to help you make your decision, move to refer the motion to an appropriate quorum or committee with instructions to report back.
- **Refer to Committee:** If you feel they can handle it better than the assembly, move to refer the motion to a quorum or committee with power to act.
- **Tabling the Motion:** If you feel that there the pending question(s) should be delayed so more urgent business can be considered, move to lay the motion on the table.
- **Defer Action:** If you want time to think the motion over, move that consideration be deferred to a certain time.
- **Move the Question:** If you think that further discussion is unnecessary, move the previous question.
- **Recalling a Motion:** If you think that the assembly should give further consideration to a motion referred to a quorum or committee, move the motion be recalled.
- **Reconsidering an Action:** If you think that the assembly should give further consideration to a matter already voted upon, move that it be reconsidered.
- **Appealing a Decision:** If you do not agree with a decision rendered by the chair, appeal the decision to the assembly.
- **Point of Order:** If you think that a matter introduced is not germane to the matter at hand, a point of order maybe raised.
- **Time Limit on Discussion:** If you think that too much time is being consumed by speakers, you can move a time limit on such speeches.

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<sup>3</sup> Ibid.

- **Divide the Motion:** If a motion has several parts, and you wish to vote differently on these parts, move to divide the motion.



# Board of Directors HANDBOOK





# WELCOME

**You have been elected to the San Bernardino Valley Municipal Water District Board of Directors by your community. This is a tremendous honor that comes with much responsibility.**

**As a board member you have committed to representing the best interests of your division and of San Bernardino Valley. This is a high calling that depends on mutual trust, support, and collaboration with your fellow board members, San Bernardino Valley staff, and the network of regional partners and agency leaders.**

**The community and other stakeholders are entitled to elected Board members who are transparent, fair, ethical and accountable. Board members should constantly seek to reflect the following behaviors, and qualities while complying with both the letter and the spirit of the laws and policies affecting operations of San Bernardino Valley:**

- **Exercising independent, impartial, and fair judgment and actions.**
- **Using the public office to which you were elected for the public good, not personal gain.**
- **conducting public deliberations and processes openly, unless legally confidential, in an atmosphere of mutual respect, civility and transparency.**

**To this end, the Board of Directors has adopted this Handbook along with the Code of Conduct, to build public confidence, integrity and transparency into the culture of District governance to foster effective operations of the agency as a whole. This Handbook will serve as your fundamental guide to serving in your role.**

# INTRODUCTION

In support of San Bernardino Valley Municipal Water District's (San Bernardino Valley) mission, the Governing Board is committed to developing, adopting, and maintaining a Board of Director's Handbook. The intent is to educate and continually guide the Board to a high level of strategic success and achievement in accord with best practices. Contained in the Handbook is pertinent District information, controlling legislation, rules and regulations having authority as it relates to the Board, as well as local policies enacted by the Board. The Handbook will serve as a resource for directors, staff and members of the public in determining the manner in which directors conduct matters related to San Bernardino Valley business. Updates to this Handbook are anticipated and will occur as additional needs, issues and circumstances may dictate.

San Bernardino Valley is an independent government agency which functions pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. Those provisions of Division 20 of the Water Code (Municipal Water Districts) which are most applicable to San Bernardino Valley's authority, power and operation have been included in Appendix 1 of this Handbook.

In addition, the Board has adopted a series of organizational policies over the years that have not been incorporated into any formal resolutions or ordinances. These policies have been included as references in Chapter 11 of this Handbook. It is the intent of the Board that policies be incorporated into resolutions and ordinances that can be modified as may be necessary



# WHO WE ARE

**San Bernardino Valley is a public municipal water agency formed in 1954 to manage long-range water supply for the San Bernardino Valley. We are largely funded via an Ad Valorem tax to the residents served. We are the lead regional water planning agency in the San Bernardino Valley, governed by a five-member Board of Directors. The Board of Directors establishes policy direction, guiding our team of specialized experts to meet our Mission and Vision, reflecting the broadest possible principles and providing parameters within which staff operate.**

**San Bernardino Valley is a State Water Contractor and water wholesaler. Our service area serves a population of approximately 700,000 and spans approximately 353 square miles. San Bernardino Valley manages ground water storage, plans for the future and partners with regional agencies toward a resilient and reliable water supply and a holistically healthy watershed for the region.**



# *Vision*

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**Our Vision for the future is a diverse, equitable, and resilient water supply and healthy watershed for future generations.**



# *Mission*

**Our Mission is to work collaboratively to provide a reliable and sustainable water supply to support the changing needs of our region's people and the environment.**

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# Values

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## **COLLABORATIVE.**

Dedicated to work inclusively.



## **TRUSTWORTHY.**

Committed to earn respect.



## **INNOVATIVE.**

Proactive and effective problem-solvers.



## **DRIVEN.**

Passionate and empowered leaders.

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## Introduction

In support of San Bernardino Valley Municipal Water District's (District) mission, the Governing Board is committed to developing, adopting, and maintaining a Board of Director's Handbook. The intent is to educate and continually guide the Board to a high level of strategic success and achievement in accord with best practices. Contained in the Handbook is pertinent District information, controlling legislation, rules and regulations having authority as it relates to the Board, as well as local policies enacted by the Board. The Handbook will serve as a resource for directors, staff and members of the public in determining the manner in which Directors conduct matters related to District business. Updates to this Handbook are anticipated and will occur as additional needs, issues and circumstances may dictate.

The District is an independent government agency which functions pursuant to the Municipal Water Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. Those provisions of Division 20 of the Water Code (Municipal Water) which are most applicable to the District's authority, power and operation have been included in Appendix 1 of this Handbook.

In addition, the Board has adopted a series of organizational policies over the years that have not been incorporated into any formal resolutions or ordinances. These policies have been included as references in Appendix 2 of this Handbook. It is the intent of the Board that policies be incorporated into resolutions and ordinances that can be modified as may be necessary.

## Preamble

The customers served by the District are entitled to elected Board members who are transparent, fair, ethical, and accountable. Such board members constantly should seek to reflect the following behaviors and qualities:

- Complying with both the letter and the spirit of the laws and policies affecting operations of the District;
- Exercising independent, impartial, and fair judgment and actions;
- Using the public office to which they were elected for the public good, not for personal gain; and
- Conducting public deliberations and processes openly unless legally confidential in an atmosphere of mutual respect, civility and transparency.

To this end, the District Board of Directors has adopted this Director's Handbook along with the Code of Conduct, to build public confidence, integrity and transparency into the culture of District governance to foster effective operation of the agency as a whole.

## SECTION 1 – BOARD PROCEDURES

### Chapter 1 – Role and Authority

#### 1.1 Role of the Board

The primary role of the Board is to establish policies that guide ~~the San Bernardino Valley Municipal Water District (“San Bernardino Valley” or “Agency”) District~~ to meet its mission. The policy decisions ~~and actions of the Board supported by a majority of the Board~~ constitutes ~~the an~~ "action" of the Board ~~of Directors~~.

The Board has three (3) major responsibilities:

1. Promote the best interests of the ~~DistrictAgency's~~ ~~taxpayers and retail agency~~ customers by establishing policies that support the vision and mission of the ~~DistrictAgency~~ and by ensuring the implementation of those policies. Policies include the governing principles, plans, and a course of action for the organization. Policy-making is the process of visionary planning and should reflect the broadest possible principles and provide parameters within which staff can operate. Policy-making sets the overall direction for the ~~DistrictAgency~~.
2. ~~The Board shall e~~Establish policies that ensure fiscal stability and the effective use of funds that will be revised as the mission of the ~~DistrictAgency~~ evolves over time. In order to achieve this, each fiscal year the Board adopts a budget covering the anticipated revenues and expenditures of the ~~DistrictAgency~~ and reviews monthly and quarterly budget reports throughout the year. Additionally, from time to time, the Board reviews and/or adopts amendments to the ~~DistrictAgency's~~ cash reserve, investment, and other policies as necessary.
3. Hire a General Manager to manage the day-to-day operations of the ~~DistrictAgency~~. The Board holds the General Manager accountable for the effective operational management of the ~~DistrictAgency~~. An additional responsibility of the Board is to ~~properly~~ evaluate the General Manager on an annual basis ~~and maintain a current contract with the General Manager~~.

In order to fulfill these responsibilities, the Board shall adhere to the following basic policy guidelines:

1. ~~That t~~The Board of Directors provides policy direction and leadership for the ~~DistrictAgency~~.
2. ~~That~~ Board members are responsible for setting organizational policy and providing direction to the ~~staff that are~~ ~~General Manager who is~~ entirely responsible for day-to-day implementation of ~~districtAgency~~ programs and activities.
3. ~~That it~~It is the responsibility of the Board, through the policies it adopts, to ensure that the ~~DistrictAgency~~ is a progressive, transparent, innovative, and well-managed agency.
4. ~~That t~~The Board exercises authority only collectively as a Board, and individual Board members shall not act on their own volition. For the purpose of this guideline, a “Board” is made up of five

(5) members that make decisions (issues are decided by a majority of these five Board members)

5. ~~That t~~The Board seeks to provide leadership in local, regional, state, and national issues that have relevance on the operations of the ~~District~~Agency and the communities ~~of interest~~ that it serves.
6. ~~That t~~The Board respects the role of the ~~ratepayers~~ taxpayers and the retail agencies ~~that~~ it serves in the governance of the ~~District~~Agency, and encourages their participation.
7. ~~That k~~Key stakeholders should be included and consulted when and where appropriate.
8. ~~That~~ Board members represent the ~~District~~Agency in business related matters at meetings and events other than regular meetings of the Board.
9. ~~That t~~The Board maintains a high level of communication with the General Manager. When a Board member is going to be out of town or unavailable, the General Manager or ~~his/her Executive Assistant/Board Secretary~~the Clerk of the Board is notified in a timely manner.
10. ~~That a~~All Board members are provided with the same information that any other Board member may request, where practical, including staff reports, committee agendas, customer inquiries and background information.
11. ~~That~~ Board members are encouraged to inform the General Manager of any specific information they want to receive from outside agencies or organizations, in addition to information they may acquire individually to share with the General Manager and other members of the Board. Staff is responsible for providing same in a timely manner.
12. ~~That t~~The Board is aware that all written and electronic documentation and communication is legally considered in the public domain. This excludes information protected by attorney-client privilege.

## 1.2 Authority

~~The~~San Bernardino Valley ~~Municipal Water District~~ is a California Special District, an independent government agency which was organized in 1954 pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. It is responsible for long-range water supply management, including importing supplemental State Water Project (SWP ) water, and ~~is~~ shares the responsibility for monitoring and accounting of the groundwater extractions and the Santa Ana River flows ~~responsible for most of the groundwater basins~~ within its boundaries in order to meet its obligations as specified in the Orange County and Western-San Bernardino judgments. More specifically, the Agency has responsibilities for a portion of the minimum Santa Ana River flow required at the Riverside Narrows and for ~~and for groundwater extraction over the amount specified in the judgments. It has specific responsibilities for~~ monitoring groundwater supplies in the San Bernardino Basin, ~~and Colton-Rialto- Colton~~ basins Subbasin, and Riverside North Basin. Additionally, the Agency imports water into its service area through participation in the SWP as a supplemental water supply. Its

service area covers about 353 square miles mainly in southwestern San Bernardino County, about 60 miles east of Los Angeles. It spans the eastern two thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley and includes the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Fontana, Bloomington, Highland, East Highland, Grand Terrace, Mentone, and Yucaipa. The Agency's enabling act includes a broad range of powers to provide water, wastewater and stormwater disposal, recreation, and fire protection services, and maintaining flows at the Riverside Narrows on the Santa Ana River. It fulfills its responsibilities in a variety of ways, including importing water through the SWP for direct delivery and groundwater recharge and by coordinating water deliveries to retail agencies throughout its service area. Besides water supply management, the enabling act that established the District also provides for a broad range of other powers such as wastewater and storm water disposal, recreation, fire protection services, and electrical production/transmission. The DistrictAgency does not deliver water directly to retail water-agency customers.

The DistrictAgency is governed by an elected Board of Directors who has authority to manage-oversee and conduct the business and affairs of the DistrictAgency, including the authority to fix terms and conditions of employment (including compensation) of DistrictAgency employees. The Board is authorized to delegate those powers. The Board has retained authority to employ and set terms and conditions for employment of the General Manager of the DistrictAgency, but the General Manager has management authority over subordinate employees.

In order for a Board of Directors to function in an effective manner, it is important that each member understand his/her respective role and the relationship they have to other members of the Board and to the General Manager. This also requires an understanding of the level of performance required to carry out the duties of a Board Member. The officers of the Board of Directors include the President, Vice-President, Treasurer and Secretary. Officers of the DistrictAgency are selected every two years corresponding with the general election for the Board or as otherwise determined by the Board of Directors.

## Chapter 2 – Board Values and Principles

Adherence to established organizational values and principles ~~are~~is intended to promote a collaborative work environment that encourages sharing, creativity, openness to new ideas, and an emphasis on customer satisfaction towards the ~~District~~Agency's ~~ratepayers~~taxpayers and retail agencies. The following Board values and principles complement San Bernardino Valley's values.

### 2.1 Putting Board Values into Play

#### Service Delivery

- Strive to exceed customers' expectations and proactively explore opportunities to provide better service
- Emphasize thoroughness and completeness
- Treat every person with kindness and dignity
- Be courteous, responsive, and professional
- Actively listen to understand others

#### Leadership

- Take ownership of, and responsibility for, actions, risks, and results
- Use outcomes, whether positive or negative, as learning opportunities
- Make sound decisions from experience, good judgment and collaboration
- Give and seek clear expectations
- Look for solutions that contribute to desired results
- Act in all endeavors with an ethical, transparent, honest and professional manner
- Honor commitments in order to build trust
- Be truthful in word and deed

#### Openness

- Approach every situation with good intentions
- Encourage new and diverse ideas
- Listen, cooperate, and share across the organization
- Value and recognize individual contributions

#### Balance

- Recognize the need for personal and professional balance



- Do not forsake long-term goals in order to satisfy short-term needs. The Board should recognize that all decisions produce both positive and negative long and short term consequences, and as such should seek to balance all decisions to produce the best possible result for [ratepayer/taxpayer](#)s and our retail customers.
- Support an environment that is optimistic and enjoyable in which relationships can prosper across the organization

## 2.2 Guiding Principles

1. Insuring a safe and efficient water delivery system.
2. Designing and administering the highest quality, secure and innovative programs.
3. Delivering services in an equitable, accurate, courteous, professional and prompt manner.
4. Providing meaningful information and education to all customers in a timely manner.
5. Attracting, developing, and retaining a competent, creative and highly motivated workforce.
6. Maintaining public trust by being transparent, ethical, sensitive, effective, and cost efficient in service to [ratepayer/taxpayers](#), retail agencies and employees alike.
7. Behaving in a manner that demonstrates members of the Board are respected leaders in the community.

## Chapter 3 - Board Member Interaction

When the members of the San Bernardino Valley ~~Municipal Water District~~ Board are elected to office, there is an expectation ~~that~~ they will bring a body of personal experience, knowledge and judgment to the development of good public policies. However, there is also an expectation that each individual will strive to work with fellow Board members and ~~DistrictAgency~~ staff as part of a team to address the various challenges and opportunities that are presented to them. The following represents Board member “best practices” for interacting with each other.

1. Board members are representatives for the ~~ratepayer~~taxpayers and retail \_ agencies of this ~~DistrictAgency~~. Their allegiance and primary responsibility is to ~~DistrictAgency~~ constituents.
2. The Board is responsible for creating and maintaining a ~~DistrictAgency~~ culture that demonstrates respect for the needs of ~~rate~~taxpayers and retail agencies at all times.
3. Relationships between Board members should always be professional. When Board members fail in this regard, Directors may need to report this to the Board President (if the Board president is the member failing in this regard, Directors should then report it to the Vice President). Directors that engage in unprofessional behavior shall first meet with the Board President, and where appropriate, be offered professional ~~counseling~~facilitation. As a second step, the Board President may offer group ~~counseling~~facilitation to the entire Board. It should be noted ~~that~~ the Board President has no power to dictate any member of the Board participate in ~~counseling~~facilitation.
4. Board members are knowledgeable about Robert’s Rules of Order related to the governance of a meeting and the Brown Act related to communication among members of the Board. Board members acknowledge ~~that~~ they understand communication includes electronic, written and verbal methods. Board members are expected to generally follow the “spirit”, but not the “letter” of Robert’s Rules of Order at Board Meetings.
5. Board members lead by example in their interaction and communication style and practice.

Personal attacks against fellow Board members or staff are not representative of a constructive culture. Board members are encouraged to disagree using appropriate language and treat peers with whom they disagree with respect and dignity.



## Chapter 4 – Staff Interaction

The efficient and effective delivery of services to the customers of the [San Bernardino Valley Municipal Water District Agency](#) is a collaborative effort between the elected members of the Board of Directors and ~~those individuals employed~~ [the General Manager who leads to execution of](#) the [District Agency's](#) day-to-day operations.

### 4.1 The Board's Relationship with the General Manager

One of the most vital relationships the [District](#) Board has is between itself and ~~its the~~ General Manager. The General Manager is the ~~C~~chief ~~E~~xecutive ~~O~~fficer for the Board and is the one to whom the Board delegates its authority to manage and administer the ~~District's~~ daily operations in accordance with approved policies. This position is important because to be successful, the [District Agency](#) requires a General Manager that has the skills to implement the vision of the Board and manage the other members of the staff.

The Board shall select a General Manager that supports the vision of the Board and has the leadership skills necessary to successfully undertake and implement the Board's vision. In this capacity, the General Manager has two roles: Chief Executive Officer and ~~servicing as the~~ chief advisor to the Board.

In addition to members of the Board, the General Manager is the most visible employee of the [District Agency](#) and is often responsible for representing the [District Agency](#) in a variety of circumstances to our constituencies.

Much of the [District Agency's](#) success will depend upon a positive relationship between the Board and its General Manager. Paradoxically, the leadership nature of both parties means that this relationship will likely create some inherent tensions; a Board and a General Manager will not always agree on every action taken by the General Manager in the implementation of [District Agency](#) projects. However, both must consciously focus on maintaining a shared sense of purpose, open communication, transparency, honesty, trust and mutual support. While the General Manager is hired to carry out Board policy directives, the Board also looks to him/her for guidance and leadership.

One of the most important decisions a Board will make is the selection of a General Manager in whom they have confidence. The Board must be able to support the implementation decisions of the General Manager and grant him/her the authority to manage and lead the [District Agency](#) in the day to day implementation of programs and policies approved by the Board. This is critical for building the General Manager's credibility with the staff and the community.

It is the General Manager's responsibility to ensure that the Board members have all the information they need to make Board-level decisions and that all Board members are provided the same information. Board members expect the General Manager to make a recommendation on every issue before the Board, except those that are strictly reserved to the Board.

The following ~~are~~ guidelines are intended to help define the relationship between the Board and the General Manager:

1. The Board will provide the General Manager with an annual list of goals and/or projects that will be the basis for an annual performance review.
2. The Board of Directors will provide the General Manager with a written evaluation annually.
3. Board members are encouraged to contact the General Manger about any subject related to the operations of the [DistrictAgency](#). Similarly, the General Manger may discuss any [DistrictAgency](#) related issue with any member of the Board of Directors.
4. Concerns regarding overall [DistrictAgency](#) operations or specific department issues or department heads are addressed with the General Manager.
5. Critical information will be provided to all members of the Board by the General Manager; ~~which~~ feedback may be verbal, written, or electronic in nature.
6. The General Manager has complete authority over staff and interdepartmental issues that may arise.
7. The General Manager shall advise the Board of Directors when he/she is out of the office for an extended period of time and shall designate the individual who shall be acting General Manager during that time.

#### [4.2 Interactions with Staff](#)

[DistrictAgency](#) staff serves the entire Board of Directors as a whole. Consequently, the Board should adhere to the following guidelines in its interaction with the staff:

1. To promote a healthy working relationship between Board members and staff, the General Manager should identify opportunities, on a regular basis, for both parties to interact professionally and socially.
2. A Board member shall not direct staff to initiate any action, change a course of action, or prepare any report without the approval of the General Manager and, if necessary, a majority of the Board. This does not imply that individual members of the Board are prohibited from asking a question ~~to-of~~ an individual member of the [DistrictAgency](#) staff; such as requesting a copy of a document or report; [documents or reports should be requested from the Clerk of the Board](#).
3. Board members shall not attempt to pressure or influence discussions, recommendations, workloads, schedules, or priorities.
4. When preparing for Board meetings, Board members should first seek to direct their questions to the General Manager so that staff can provide the desired information in advance or at the Board meeting. Questions asked on the dais are not discouraged as open dialogue may help peers in their understanding and decision making. Nothing in the

aforementioned statements discourage open and transparent discussion by the members of the Board in open session.

5. Any concerns by a member of the Board regarding the behavior or work of a DistrictAgency employee should be directed to the General Manager privately to ensure that the concern is addressed. Board members shall not reprimand employees directly nor should they communicate their concerns to anyone other than the General Manager. Soliciting political support from staff (e.g., financial contributions, display of posters or lawn signs, name on support list, etc.) is prohibited. DistrictAgency staff may, as private citizens with exercising their constitutional rights, support political candidates, but all such activities must be done away from the workplace and may not be conducted while on the job.
  
6. Staff briefings of members of the legislative body should be “unidirectional” when done on an individual basis for a majority of the legislative body. This means that information should flow from staff to the member, and the member’s participation should be limited to asking questions and acquiring information. Otherwise, if multiple members separately give staff direction thereby causing staff to shape or modify their ultimate recommendations in order to reconcile the views of a majority of the members, a violation might occur. A board member should not ask staff to describe the views of any other board members, and staff should not volunteer those views if known.

~~Soliciting political support from staff (e.g., financial contributions, display of posters or lawn signs, name on support list, etc.) is prohibited. DistrictAgency staff may, as private citizens with constitutional rights, support political candidates, but all such activities must be done away from the workplace and may not be conducted while on the job.~~

## Chapter 5 - Governance

The orderly conduct of [DistrictAgency](#) business is guided by certain rules, regulations and procedures that are intended to afford equal opportunity for input on policy-making decisions to both Board members and the public. While many governance guidelines are embodied in State law, others are subject to Board discretion.

### 5.1 Election of Officers

Pursuant to Section 71273 of the Water Code, at its first meeting in the month of January of each odd-numbered year, the Board shall elect one of its members President. The Board may at any meeting elect one of its members Vice President.

The Board shall also designate the General Manager, [the Board Secretary](#), [Clerk of the Board](#) and [the Treasurer](#).

### 5.2 Roles of the President and Vice President of the Board of Directors

1. The President of the Board of Directors is selected following the normal board election cycle for a 2-year term, unless otherwise modified by the Board.
2. The President of the Board is selected by the Board of Directors. In addition to the duties of the President described below, the President presides at all Board of Directors meetings, makes rulings on procedural points of order, and should keep meetings on track and productive. The President should encourage open discussion and allow all members the opportunity to express their views. The President should lead and guide the Board of Directors and provide a stabilizing influence and bring out the best in all members.
3. The President appoints all committees, standing and Ad Hoc. The President may create a new committee or abolish an existing committee with the approval of a majority of the Board.
4. Any member of the Board may propose the establishment of a new committee at a Board Workshop to ascertain whether a majority of the Board wishes to establish a new Committee
5. Any member of the Board may propose the abolition of a standing or ad hoc committee that he/she feels is no longer needed by the [DistrictAgency](#) at a Board Workshop to ascertain whether a majority of the Board wishes to abolish the committee.
6. The President coordinates the efforts of committees; integrates committee work with that of the Board of Directors, and defines committee relationships. The President makes declarations, extends official recognition of groups or events, and regularly communicates with the General Manager. The President and other Board members can request an item to be placed on the Board agenda.

~~7. The Board shall govern the succession of the President and Vice-President.~~

~~8.7.~~ The Vice-President remains as one member of the Board and has no rights or authority different from any other member of the Board. However, in the event of a temporary absence of the President, or an early vacancy in the position of Board President, the Vice-President shall become the Board President and shall continue as such until the Board President's temporary absence is complete or for the remaining portion of the outgoing Board President's term as Board President.

~~9.8.~~ In the event the position of President is vacated prior to the expiration of his/her term, the Vice-President shall become the President for the remaining portion of the outgoing President's term, unless otherwise directed by the Board.

~~10.9.~~ In the event of an early vacancy in the position of Vice-President, the Board shall determine, by vote, a replacement to fulfill the remaining portion of the outgoing Vice-President's term.

~~11.10.~~ The President acts as the ceremonial head or representative of the [DistrictAgency](#) at various civic functions, and in his/her absence, the Vice-President serves in this capacity.

~~12.11.~~ The President is the designated spokesperson for the Board of Directors when requests are made from external sources. The President may elect to appoint one of the other Board members to serve in this capacity.

~~13.12.~~ The President acts as the signatory on all documents requiring the Board's execution. The Vice-President may do so in the President's absence.

~~14.13.~~ The President may make appointments to the representative assignments annually, or as may be warranted anytime throughout the year, with the concurrence of Board members invited to serve in such capacities.

### 5.3 Time and Place for Regular Meetings

The regular monthly meeting of the Board of Directors will be held on the first and third Tuesday of each month commencing at 2:~~30~~00 pm [at 380 East Vanderbilt Way, San Bernardino, CA 92408.](#) ~~at a site determined by the Board.~~

### 5.4 Quorum Requirements

Three members of the Board will constitute a quorum for the transaction of business.

### 5.5 Board Meeting Protocol

1. All noticed meetings of the Board of Directors shall be conducted ~~using~~ [utilizing](#) Robert's Rules of Order [as a general guideline](#). Robert's Rules provide for constructive and democratic meetings and are intended to help, not hinder, the business of the Board. Under no circumstances should "undue strictness" be allowed to intimidate or limit full participation.

2. Public comment shall be received pursuant to the Ralph M. Brown Act. ~~Board members should establish time limits for public comment and it is suggested that five minutes provides a member of the public with adequate time to fully express their concerns. Through a motion to the President, any Director may move to extend the time limit for individual speakers on matters not constitutionally otherwise dictated. The Board shall treat members of the public with courtesy and respect. Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.~~
3. When possible, corrections to official minutes of the Board of Directors public meetings should be provided to the ~~Board Secretary~~ Clerk of the Board or General Manager in advance for approval at the next regular Board meeting. This does not prohibit a Board Member that finds an error in minutes to be approved at a meeting from taking action at that time as needed.
4. The General Manager shall inform the Board of items of significance that will be placed on future agendas. During the future business portion of the agenda, members of the Board may bring forward potential items to discuss at a further meeting. The Board will discuss and vote on the item to possibly be added to a future Board of Directors meeting for consideration.
- 4.5. The General Manager meets with the Board President prior to the Board meetings to review and prepare for the upcoming meeting.
- 5.6. At the direction of the General Manager, department heads or appropriate departmental managers will be present at every meeting if they have an item on the agenda.
- 6.7. The time during the Board Announcements portion of the Agenda shall be utilized for public education purposes regarding ~~District~~ Agency programs and services.
- 7.8. Board members acknowledge that Director Reports at regular Board Meetings are not the ideal time to ask staff for studies and reports or to express complaints. Board Workshops or individual conversations with the General Manager are preferable. At the same time, Board members are never prohibited from taking any action that ~~they a Director deems~~ necessary.

## 5.6 Voting

A majority of all members of the Board ~~present at a meeting~~ will be required to approve any ordinance, resolution or motion, unless a different voting requirement to approve a particular action is specified under State law.

1. Each member may speak on an item prior to the making of a motion.
2. Roll call votes are required on any actions of the Board when a member is participating by teleconference and all ordinances considered by the Board. On other items, a roll call vote may be requested by any member of the Board.

3. Once an agenda item has been voted on, the disposition is considered as the "action" of the Board of Directors. Individual members of the Board that did not support the action should not seek to undermine the success of that decision. This ~~not~~ does not imply that individual Board members may state publicly that they did not support the action taken by the Board or the reasons why.

## 5.7 Closed Session

1. All closed session discussions and materials are considered legal and confidential information, and as such, are not shared outside the closed Session Conference unless specific action is taken, and then must be reported out of Closed Session.
2. Closed session staff reports are to be returned to the General Manager Clerk of the Board and/or District Agency counsel immediately following the meeting. Electronic copies of the reports will not be provided to the Board.
3. Closed Session meetings may be held at times other than the regular meetings of the Board of Directors ~~so as~~ long as the meeting is posted pursuant to the prevailing open meeting (Brown Act) rules.
4. Closed sessions agendas should be retained by the Board Secretary Clerk of the Board until an item is revised or resolved so Directors have access to the prior meeting materials as well as reduce waste by the District Agency.

A Board Member should refer a request for information regarding a closed session item to the General Manager who in concert with the District Agency's legal counsel, will prepare an appropriate response.

## Chapter 6 – Public Interaction

As a public body, it is important for the San Bernardino Valley [Municipal Water District](#) Board of Directors to establish a working environment that encourages public participation and trust. During their time as elected officials, Board members will have a wide range of interactions with the public including written communication (i.e., letters, email, etc.), social media, phone calls, face-to-face, social functions, regular and special Board meetings, etc. The following guidelines represent Board member “best practices” for interacting with the public.

### 6.1 Customer Concerns and Complaints

1. All customer and [ratepayer/taxpayer](#) concerns and inquiries received by the [District/Agency](#) shall be referred to the General Manager.
2. Staff will provide the Board with a written or verbal report of [a](#) customer concern or inquiry [referred to the General Manager](#) that cannot be handled as a routine manner. Staff will also provide the Board with a response to the concern or inquiry.
3. The Board will be informed of significant, politically sensitive, urgent and/ or repetitive telephone or electronic communication inquiries. Staff will research the request as soon as possible, and provide the General Manager with the appropriate follow-up and response. The General Manager will review the communication prior to dissemination to the Board.
4. Copies of any written or electronic responses to customer concerns provided by a member of the Board shall be provided to the other members of the Board of Directors as well.
5. Information that may expose the [District/Agency](#) to liability will be shared with the Board at a noticed, closed session meeting of the Board of Directors [or through correspondence from the Agency’s legal counsel](#).

### 6.2 Public Input on the Agenda

1. Input from the public on any agendized item shall take place [during the public comment portion of the agenda. after the report from staff unless members of the Board have clarifying questions. This allows Board members to hear public concerns and ask additional questions that may emerge and be warranted.](#) Directors should be cognizant that a majority of the Board may not state agreement about a non-agendized issues to avoid a violation of the Brown Act.
2. Agenda items noticed on the agenda for public hearing will follow procedures as outlined by the [District/Agency's](#) legal counsel.
3. Any Board member [may](#) elect to defer action on an item brought forward by the public until such time as staff can prepare an appropriate response.



4. The President is responsible for maintaining an orderly progression of the business before the Board.

### 6.3 Representing an Official [DistrictAgency](#) Position

In order to ensure that they are properly representing their positions as elected officials of the San Bernardino Valley Municipal Water District, Board members should adhere to the following guidelines:

1. Board members may use their title only when conducting official [DistrictAgency](#) business, for information purposes, or as an indication of background and expertise.
2. Once the Board of Directors has taken a position on an issue, all official [DistrictAgency](#) correspondence regarding that issue will reflect the Board's adopted position.
3. In most instances, the Board will authorize the President of the Board to send letters stating the [DistrictAgency](#)'s official position to appropriate legislators.
4. No Board member is permitted to attend a meeting of any outside agency or organization as an official representative of the [DistrictAgency](#) without prior Board authorization. Meetings of outside agencies and organizations that are included on the [DistrictAgency](#)'s list of Representative Assignments are to be attended by the designated Board member and/or alternate. Other Directors are not prohibited from attending, but may not participate or request compensation.
5. If a member of the Board appears before the meeting of another governmental agency organization to give a statement on an issue affecting the [DistrictAgency](#) (including Representative Assignments), the Board member shall indicate the majority position and opinion of the Board. (NOTE: Board members shall report on any actions taken at the next Board meeting).
6. Personal opinions and comments that may be contrary to adopted policy may be expressed only if the Board member clarifies that these statements do not reflect the official position of the Board or the [DistrictAgency](#). To be clear, any Director may speak on any matter as an individual at any time.
7. Board members should exercise caution when utilizing the news media, social media or other forms of communications to specifically express views which are in opposition to adopted Board policy. Again, the Board member must clarify that these statements do not reflect the official position of the Board or the [DistrictAgency](#)

When two Board members are authorized/assigned by the Board to attend a meeting as the [DistrictAgency](#)'s official representative, other Board members may not participate at the meeting in order to avoid violations of the Ralph M. Brown Act.

## Chapter 78 – Director’s Code of Conduct

In order to promote the public’s trust in Board policies and to ensure the most effective and efficient delivery of [DistrictAgency](#) services, members of the Board shall abide by a Director’s Code of Conduct which includes provisions relating to conflict of interest, the handling of legal matters, ethics training, and enforcement:

### 7.1 Conflict of Interest

Exercising independence and impartiality on behalf of the public good is a fundamental goal of any elected body. State law prohibits Board members from using their official positions to influence government decisions in which they have a financial interest or where they have an organizational responsibility or a personal relationship that would present a conflict of interest. Accordingly, the Political Reform Act requires every state and local agency to adopt a conflict of interest code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The individuals in the designed positions must disclose their financial interests as specified in the agency’s conflict of interest code (Form 700). ~~The San Bernardino Valley Municipal Water District adopted Resolution No. 968 on November 2, 2010 which amended the District’s conflict of interest code.~~

In accordance with applicable State laws, the following provisions shall apply to all Board member actions:

1. A Board member will not have a financial interest in a contract with the [DistrictAgency](#), or be a purchaser at a sale by the [DistrictAgency](#) or a vendor at a purchase made by the [DistrictAgency](#), unless the Board member’s participation was authorized under Government Code sections 1091 or 1091.5, or other provisions of law.
2. A Board member will not participate in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code sections 81000, and following, relating to conflicts of interest. Generally, a Board member has a financial interest in a matter if it is reasonably foreseeable that the Board decision would have a material financial effect (as defined by the Fair Political Practices Commission’s [“FPPC”] regulations) that is distinguishable from the effect on the public generally on:
  - a. A business entity in which the Board member is a director, officer, partner, trustee, employee, or manager and has a direct or indirect investment in the amount specified in the then-effective FPPC regulations;
  - b. Real property in which the Board member has a direct or indirect investment interest, with a worth in the amount specified in the then-effective FPPC regulations;
  - c. A source of income of the Board member in the amount specified in the then-effective FPPC regulations, within twelve months before the Board decision;

- d. A source of gifts to the Board member in an amount specified in the then-effective FPPC regulations within twelve months before the Board decision;
    - e. The Board member's personal expense, income, assets or liabilities, and those of his or her immediate family, are likely to go up or down in a 12-month period as a result #of the decision by the amount specified in the then-effective FPPC regulations.
  3. If a Board member believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed:
    - a. If the Board member becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Board member will notify the DistrictAgency's General Manager and the DistrictAgency's legal counsel of the potential conflict of interest, so that a determination can be made as to whether it is a disqualifying conflict of interest;
    - b. If it is not possible for the Board member to discuss the potential conflict with the General Manager and the DistrictAgency's legal counsel before the meeting, or if the Board member does not become aware of the potential conflict until during the meeting, the Board member will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest;
    - c. Upon a determination that there is a disqualifying conflict of interest, the Board member: (1) will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists, which will be so noted in the Board minutes; and (2) leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters (i.e., the consent calendar), in which case the Board member will identify the nature of the conflict and not vote on the specified item on the consent calendar. If the item is agendaized for discussion and possible action, the Board member may speak on his or her personal interests in the matter during the time that the general public speaks on the issue but must leave the room during Board discussion and action on that item.
  4. A Board member will not recommend the employment of a relative by the DistrictAgency. A Board member will not recommend the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with the DistrictAgency.

## 7.2 Handling of Legal Matters

The Board appoints the DistrictAgency's legal counsel to provide a wide range of professional legal services, assistance, and legal advice to the Board of Directors, General Manager and all DistrictAgency departments and offices.

1. The following guidelines shall be employed by Board members when dealing with legal and/or other confidential matters:
  - a. All written materials and verbal information provided to Board members on matters that are confidential and/or privileged under State law shall be kept in complete confidence to ensure that the [DistrictAgency](#)'s position is not compromised. No disclosure or mention of any information in these materials may be made to anyone other than Board members, the General Manager or the [DistrictAgency](#)'s legal counsel.
  - b. Confidential materials provided to Board members outside of Closed Sessions must be destroyed, deleted, or returned to staff within thirty (30) days of their receipt.
  - c. Board members may not request confidential written information from staff that has not been provided to all Board members.
2. All Board members who are desirous of contact with the [DistrictAgency](#)'s legal counsel, his or her staff, and/or attorney(s) contracted to work on behalf of the [DistrictAgency](#) shall first consult with the General Manager or in the event that the Director's concern relates to the General Manager, consult with the Board President. Board members cannot enjoy or establish an attorney-client relationship with said attorney(s) by consulting with or speaking to same. Any attorney-client relationship established belongs to the [DistrictAgency](#), acting through the Board of Directors, and as may be allowed in State law for purposes of defending the [DistrictAgency](#) and/or the Board in the course of litigation and/or administrative procedures, etc.

## [7.3 Ethics Mandatory Training](#)

### [7.3.1 Ethics Training](#)

AB 1234 requires elected or appointed officials who are compensated for their service or reimbursed for their expenses to take two hours of training in ethics principles and laws every two years. Those who enter office after January 1, 2006 must receive the training within a year of starting their service. They must then receive the training every two years after that. [Upon completion of training, Directors are to submit the training certificate to the Clerk of the Board.](#)

The training must cover general ethics principles relating to public service and ethic laws including:

1. Laws relating to personal financial gain by public officials (including bribery and conflict of interest laws);
2. Laws relating to office-holder perks, including gifts and travel restrictions, personal and political use of public resources, and prohibitions against gifts of public funds;
3. Governmental transparency laws, including financial disclosure requirements and open government laws (the Brown Act and Public Records Act);

4. Laws relating to fair processes, including fair contracting requirements, common law bias requirements, and due process.

### 7.3.2 Harassment and Discrimination Prevention Training

AB 1661 requires local agency officials who are compensated for their service to receive two (2) hours of harassment prevention training and education within the first six (6) months of taking office and every two (2) years thereafter. Upon completion of training, Directors are to submit the training certificate to the Clerk of the Board.

### 7.4 Enforcement

Any actual or perceived violation of DistrictAgency policies, including the Code of Conduct, by a Board member should be referred to the President of the Board or the full Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the DistrictAgency, including but not limited to:

1. Adoption of a resolution expressing disapproval of the conduct of the Board member who has violated this policy (i.e., censure);
2. Injunctive relief;
3. Referral of the violation to the DistrictAgency Attorney and/or Grand Jury.

### 7.5 Meeting Process and Decorum

The President shall take whatever actions are necessary and appropriate to preserve order and decorum during public meetings, board workshops and public hearings.

1. Directors shall at all times conduct themselves with courtesy to each other, to staff, and to members of the audience.
2. Directors shall defer to the presiding officer for conduct of meetings of the Board but shall be free to question and discuss items on the agenda.
3. Directors may request for inclusion into the meeting minutes brief comments pertinent to an agenda item only at the meeting that the item is discussed (including, if desired, a position on abstention or dissenting vote).

## Chapter 8 –Director Benefits

This section supersedes Resolution 969, adopted April 19, 2011, and provides for health and welfare benefits to be provided to Directors as follows:

Benefit	Directors Elected Before April 19, 2011	Directors Elected After April 19, 2011
Medical & Dental	Directors and their eligible family members, during the director's term in office, shall have their health and dental insurance premiums paid for by the Agency.	
Health & Dependent Care Reimbursement	Directors and their eligible family members, during the director's term in office, shall have their health and dependent care reimbursement plan paid for by the Agency.	Not applicable.
Vision	Directors and their eligible family members, during the director's term in office, shall have their vision insurance premiums paid for by the Agency.	
Former Director Continuing Medical & Dental (COBRA)	Retired <del>Former</del> Directors with at least eight (8) years of service to the Agency, along with eligible family members, shall be eligible for continuing coverage under the Agency's health, dental and vision insurance programs under COBRA for the eligible COBRA period (COBRA is self-paid). <del>under the Agency's health and dental insurance program on a self-pay basis only.</del>	
Active Director Death Continuing Medical & Dental (COBRA)	Eligible surviving family members of Active Directors shall be eligible for continuing coverage under the Agency's health, and dental and vision insurance programs under COBRA for the eligible COBRA period (COBRA is self-paid). <del>on a self-pay basis only.</del>	
	Eligible Surviving members of a deceased Director who <del>was</del> elected COBRA coverage and remain eligible for COBRA <del>eligible</del> for continuing coverage under the Agency's health, and dental and vision insurance programs <del>medical and dental benefits based on years of service</del> <del>is</del> are eligible to have coverage continue under COBRA for the remaining eligible COBRA period (COBRA is self-paid). <del>the Retired Director provisions, on a self-pay basis only.</del>	

## SECTION 2 – SUPPORTIVE DOCUMENTS (Legal References & Board Adopted Policies)

### Appendix 1 Chapter 9 - Selected Provisions of the California Water Code

The San Bernardino Valley [Municipal Water District](#) is an independent government agency which functions pursuant to the Municipal Water District Act of 1911 as codified in the State of California Water Code Sections 71000 et. seq. Those provisions of Division 20 of the Water Code (Municipal Water Districts) which are most applicable to the [District Agency](#)'s authority, power and operation have been included as references below.

#### **PART 3. INTERNAL ORGANIZATION**

CHAPTER 1. DIRECTORS.....	<a href="#">71250-71256</a>
CHAPTER 2. THE BOARD	
Article 1. In General .....	<a href="#">71270-71282</a>
Article 2. Powers and Duties.....	<a href="#">71300-71314</a>
CHAPTER 3. OFFICERS AND EMPLOYEES	
Article 1. In General .....	<a href="#">71340-71342</a>
Article 2. Duties.....	<a href="#">71360-71365</a>

#### **PART 4. ELECTIONS**

CHAPTER 1. ELECTIONS GENERALLY.....	<a href="#">71450-71454</a>
CHAPTER 2. PREPARATION OF BALLOTS .....	<a href="#">71461-71463</a>
CHAPTER 3. PRECINCTS AND POLLING PLACES .....	<a href="#">71473</a>
CHAPTER 4. ELECTION OF DIRECTORS	
Article 1. In General .....	<a href="#">71500-71505</a>
Article 2. Appointment in Lieu of Election .....	<a href="#">71512</a>
CHAPTER 5. INITIATIVE, REFERENDUM, AND RECALL .....	<a href="#">71530-71531</a>
CHAPTER 6. RELOCATION OF DIVISION BOUNDARIES.....	<a href="#">71540</a>

**PART 5. POWERS AND PURPOSES**

CHAPTER 1. POWERS GENERALLY ..... [71590-71601](#)

CHAPTER 2. WATER

    Article 1. Development and Sale..... [71610-71618](#)

    Article 2. Standby Charges ..... [71630-71637](#)

    Article 2.5. Alternative Provisions for Standby Charges ..... [71638-71638.4](#)

    Article 2.7. Standby Assessments ..... [71639](#)

    Article 3. Water Shortages ..... [71640-71644](#)

CHAPTER 3. OTHER FUNCTIONS

    Article 1. Recreation and Electrical Power ..... [71660-71664](#)

    Article 2. Sewage, Waste, and Storm Water Disposal ..... [71670-71674](#)

    Article 3. Fire Protection ..... [71680](#)

    Article 4. Water Replenishment Assessment..... [71682-71689.9](#)

    Article 5. Sanitation Service ..... [71689.20-71689.27](#)

CHAPTER 4. PROPERTY ..... [71690-71700](#)

CHAPTER 5. CONTRACTS

    Article 1. Contracts With Other Agencies ..... [71720-71726](#)

CHAPTER 6. CONTROVERSIES ..... [71750-71760](#)

**PART 6. FINANCIAL PROVISIONS**

CHAPTER 1. WARRANTS ..... [71800-71801](#)

CHAPTER 2. PROMISSORY NOTES..... [71810-71814](#)

CHAPTER 3. ADOPTION OF IMPROVEMENT ACTS..... [71820-71823](#)

**PART 7. BONDS**

CHAPTER 1. IN GENERAL..... [71852-71854](#)

CHAPTER 2. INITIATION OF PROCEEDINGS FOR ISSUANCE OF BONDS



FOR ENTIRE <a href="#">DISTRICT AGENCY</a> .....	<a href="#">71860-71861</a>
CHAPTER 3. FORMATION OF IMPROVEMENT <a href="#">DISTRICT AGENCYS</a> FOR ISSUANCE OF BONDS	
Article 1. Initiation of Proceedings.....	<a href="#">71870-71875</a>
Article 2. Hearing and Changes.....	<a href="#">71880-71883</a>
Article 3. Formation .....	<a href="#">71890-71892</a>
Article 4. Calling on Bond Election.....	<a href="#">71900-71901</a>
Article 5. Advance of Funds .....	<a href="#">71910-71911</a>
CHAPTER 4. FORMATION OF UNINHABITED IMPROVEMENT <a href="#">DISTRICT AGENCYS</a> FOR ISSUANCE OF BONDS	
Article 1. Initiation of Proceedings.....	<a href="#">71920-71924</a>
Article 2. Bond Election .....	<a href="#">71930-71934</a>
Article 3. Advance of Funds .....	<a href="#">71936-71937</a>
CHAPTER 5. BOND ELECTION .....	<a href="#">71940-71947</a>
CHAPTER 6. ISSUANCE AND SALE OF BONDS	
Article 1. Issuance and Terms .....	<a href="#">71950-71960</a>
Article 2. Sale of Bonds and Use of Proceeds .....	<a href="#">71970-71975</a>
CHAPTER 7. FORMATION OF IMPROVEMENT <a href="#">DISTRICT AGENCYS</a> FOR ISSUANCE OF REVENUE BONDS	
Article 1. Initiation of Proceedings.....	<a href="#">71980-71985</a>
Article 2. Hearing and Changes.....	<a href="#">71986</a>
Article 3. Formation of Revenue Improvement <a href="#">District Agency</a> .....	<a href="#">71987-71990</a>
Article 4. Calling of Revenue Bond Election .....	<a href="#">71991-71994</a>
Article 5. Advance of Funds .....	<a href="#">71995-71996</a>

## Appendix 2 Chapter 10 – District Agency Policies Adopted by the Board

The Board of the San Bernardino Valley Municipal Water District has adopted a series of organizational policies over the years that have not been incorporated into any formal resolutions or ordinances. These policies have been included as references below.

### 10.1 Harassment and Discrimination Prevention Policy

Summary: The SBVMWD San Bernardino Valley is committed to providing a work environment free of harassment, discrimination, retaliation, and disrespectful or other unprofessional conduct based on sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity gender expression), national origin (including language use restrictions and possession of a driver's license issued under Vehicle Code section 12801.9), ancestry, physical or mental disability, medical condition, reproductive health decision making, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by applicable federal, state or local law or ordinance or regulation. It also prohibits discrimination, harassment, disrespectful or unprofessional conduct based on the perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics.

In addition, San Bernardino Valley prohibits retaliation against individuals who raise complaints of discrimination or harassment or who participate in workplace investigations.

#### Harassment Prevention

San Bernardino Valley's policy prohibiting harassment applies to all persons involved in the operation of the agency and prohibits harassment, disrespectful or unprofessional conduct by any Director. San Bernardino Valley's anti-harassment policy also applies to vendors, customers, independent contractors, unpaid interns, volunteers, persons providing services pursuant to a contract and other persons with whom you come into contact while working.

#### 1. Harassment Defined

- A. Harassment may consist of offensive verbal, physical, or visual conduct when such conduct is based on or related to an individual's sex and/or membership in one of the above-described protected classifications, and:
  - (1) Submission to the offensive conduct is an explicit or implicit term or condition of employment;
  - (2) Submission to or rejection of the offensive conduct forms the basis for an employment decision affecting the employee; or

(3) The offensive conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creates an intimidating, hostile, or offensive working environment.

B. Examples of what may constitute prohibited harassment include, but are not limited to, the following:

(1) Kidding or joking about sex or membership in one of the protected classifications;

(2) Hugs, pats, and similar physical contact;

(3) Assault, impeding or blocking movement, or any physical interference with normal work or movement;

(4) Cartoons, posters, e-mails, texts and other materials referring to sex or membership in one of the protected classifications;

(5) Threats intended to induce sexual favors;

(6) Continued suggestions or invitations to social events outside the workplace after being told such suggestions are unwelcome;

(7) Degrading words or offensive terms of a sexual nature or based on the individual's membership in one of the protected classifications;

(8) Prolonged staring or leering at a person;

(9) Similar conduct directed at an individual based on race, color, ancestry, national origin, religious creed, physical disability, mental disability, medical condition, reproductive health decision making, age (40 or over), marital status, military or veteran status, sexual orientation, gender identity, gender expression, genetic information, or any other protected classification under applicable law.

#### Non-Discrimination

San Bernardino Valley is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in agency operations and prohibits unlawful discrimination against any job applicant, employee, or unpaid intern by any Director.

#### Anti-Retaliation

San Bernardino Valley prohibits retaliation by any Director towards any employee, intern, vendor,

contractors, etc. for filing a complaint, participating in any workplace investigation, or for opposing conduct prohibited by this policy.

will not tolerate verbal or physical conduct by any employee who harasses, disrupts, or interferes with another's work performance or who creates an intimidating, offensive or hostile environment.

## 10.2 Technology Policy

Summary: The DistrictAgency's information systems and technology resources, including all computer, data and telecommunications hardware and software, are critical to its business and success. These systems are owned by the DistrictAgency. All messages and other information communicated through these systems are also the property of the DistrictAgency. These systems are to be used only to further the business purposes of the DistrictAgency and should never be used in violation of any applicable laws. The DistrictAgency has the right to terminate any employee's access to and use of any of these systems at any time with or without cause and with or without notice. The DistrictAgency may also take disciplinary action at its sole discretion, including termination, for any use of these systems that is not in accord with this Policy or any other policies of the DistrictAgency.

## 10.3 Debt Management Policy

Summary: This policy documents the DistrictAgency's goals for the use of debt instruments and provides guidelines for the use of debt for financing the DistrictAgency's infrastructure needs. While capital programs are primarily funded by reserves in accordance with the DistrictAgency's existing practice, and while the DistrictAgency intends to limit long-term borrowing to capital improvements or projects that cannot be financed with current revenues or that represent regional partnership projects, the DistrictAgency will evaluate on a case by case basis the merits of debt financing as part of the successful implementation of its goals and objectives.

## 10.4 Investment Policy

Summary: The Statement of Investment Policy is intended to provide guidelines for the prudent investment of the DistrictAgency's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of the DistrictAgency's cash management system. The goal is twofold: one is to preserve the DistrictAgency's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investment.

## 10.5 Reserve Policy

Summary: A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. The DistrictAgency desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs where reserve funds are required and/or necessary. The Board of Directors realize the importance of reserves in providing reliable service to its customers, financing long-term capital projects, and the funding of emergencies should they arise. In this context, the DistrictAgency will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Funds will be

accumulated and maintained to allow the [DistrictAgency](#) to fund expenditures in a manner consistent with the [DistrictAgency](#)'s Capital Improvement Plan, and avoid significant rate fluctuations due to changes in cash flow requirements.

### 10.6 Censure Policy

Summary: This policy documents the [DistrictAgency](#)'s minimum requirements of behavior for elected and appointed officials of the [DistrictAgency](#). The [DistrictAgency](#)'s elected officials are required to be independent, impartial and responsible to the people and to conduct themselves in a manner above reproach. Elected officials are expected to set an example which always demonstrates respect, confidence and trust between themselves and the community they serve. This policy establishes specific procedures ~~on~~ for enforcement for any board member behavior, action or violation of [DistrictAgency](#) policies outside these minimum requirements of behavior.

## Appendix 3 Chapter 11 – Summary of the FPPC and Political Reform Act

In June 1974, the passage of Proposition 9 by California voters created the Political Reform Act ([the “Act”](#)) which sought to reign in the potential corruptive influence of special interests by imposing the most rigorous restrictions on fundraising and lobbying in the country. The Act regulates campaign financing, conflicts of interest, lobbying, and governmental ethics and is administered by the five-member Fair Political Practices Commission (FPPC) whose mission is to ensure that public officials act in a fair and unbiased manner in the governmental decision-making process, to promote transparency in government, and to foster public trust in the political system. The specific goals of the FPPC are:

1. To diligently prosecute serious violations of the law, ensuring that officials operate in a way that does not betray the public’s confidence.
2. To increase transparency by utilizing technology to provide “smart disclosure,” giving more people easy access to vital information about their public officials and campaign financing.
3. To concentrate on adopting meaningful reforms while maintaining the highest ethical standards.

The FPPC enacts regulations that implement the law, issues advice letters, and adopts advisory opinions that apply the Act as well as the regulations to particular circumstances.

### [11.1 Overview of the Political Reform Act](#)

The [Political Reform Act](#) is found in Title 9 of the Government Code, Sections 81000 to 91014. Its mission is to serve as the legal bedrock of governmental ethics in California. It regulates:

- **Financial Conflicts of Interest by Public Officials:** An elected official has a conflict of interest with regard to a particular government decision if it is sufficiently likely that the outcome of the decision will have an important impact on your economic interests, and a significant portion of your jurisdiction does not also feel the important impact on their economic interests. This law applies only to financial conflicts of interest; that is, conflicts of interest arising from economic interests. Whether an elected official has a conflict of interest that disqualifies him/her depends heavily on the facts of each governmental decision. The most important proactive step an elected official can take to avoid conflict of interest problems is learning to recognize the economic interests from which conflicts of interest can arise.
- **Campaign Finance:** The law requires detailed disclosure of the role of money in California politics. This includes the disclosure of contributions and expenditures in connection with campaigns supporting or opposing state and local candidates and ballot measures as well as the disclosure of expenditures made in connection with lobbying the State Legislature and attempting to influence administrative decisions of state government.

- **Lobbyist Registration and Reporting:** The purpose of lobbyist regulation as stated in the Act is: “The activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials”. The main provisions of the [PRA-Act](#) related to lobbying govern the definition of who is a lobbyist, a lobbying firm and a lobbyist employer. These sections also provide for the registration of lobbyists, lobbying firms and their clients, called “lobbyist employers”, and for quarterly reporting of specified activities and expenditures, including detailed information about what lobbyists are paid, by whom, and which bills or regulations they lobbied for or against. No other California professionals are required to provide such detailed information concerning their activities and finances.
- **Post-Governmental Employment:** The Act places several restrictions on the activities of public officials who are leaving governmental employment. After leaving a government job, state officials are restricted by both a "one-year" ban against certain types of activity, and a "permanent" ban against very specific types of activity. For certain local officials and air pollution control/air quality management district members, officers, or employees, post-employment activities are also restricted by a similar "one-year" ban. Additionally, all public officials who are anticipating leaving governmental service are restricted from attempting to influence their prospective employment opportunities while working for a government agency.
- **Political Mass Mailings:** A mailing is prohibited under the Act if each of the following criteria is met (subject to one or more exceptions as provided for in the law):
  - A tangible item, such as a newsletter or brochure, is delivered, by any means, including by transmission of a fax, to a person’s residence, place of employment or business, or post office box. Note: Emails, website postings, text messages, and recorded telephone messages/robocalls are not considered tangible items and therefore, not subject to the Act’s mass mailing at public expense restrictions.
  - The item sent either features an elected officer affiliated with the agency (by including the officer’s photo or signature, or singling out the officer by the manner his or her name or office is displayed), or the item includes a reference to an elected officer affiliated with the agency and the item is prepared or sent in cooperation with the elected officer.
  - Any of the costs of distribution are paid for with public moneys, or if public funds are not used for the actual distribution, in excess of \$50 in public moneys is used to design, produce, or print the item and the design, production, or printing is done with the intent of sending the item other than as permitted by Regulation 18901.
  - More than 200 substantially similar items are sent in a calendar month, excluding any item sent in response to an unsolicited request.
- **Gifts and Honoraria given to Public Officials and Candidates:** The Act imposes limits on gifts, prohibits honoraria payments, and imposes limits and other restrictions on the receipt of travel payments received by:

- Local elected officers and other local officials specified in the Government Code, excluding judges.
- Designated employees of local government agencies (i.e., individuals required to file statements of economic interests under a local agency's conflict of interest code).
- Candidates for any of these offices or positions and judicial candidates.

The Act also imposes limits and other restrictions on personal loans received by certain local officials.



## **Appendix 4- Chapter 12- Summary of the Ralph M. Brown Act**

The Ralph M. Brown Act (Brown Act) or “Open Meeting Law” is found in the California Government Code § 54950 et seq. It was enacted in 1953 to guarantee the public’s right to attend and participate in meetings of local legislative bodies, and as a response to growing concerns about local government officials’ practice of holding secret meetings that were not in compliance with advance public notice requirements. The Brown Act’s primary purpose is to insure public official accountability for their actions and to allow full public participation in the decision making process.

### **12.1 Scope of the Brown Act**

The Brown Act governs local agencies, legislative bodies of local government agencies such as city councils, county boards of supervisors, special districts, school boards, standing committees, and even some types of Home Owners Associations (if they were created by a public entity as a public [districtagency](#).)

### **12.2 Meetings**

The Brown Act defines a meeting as “*any congregation of a majority of the members of a legislative body at the same time and place to hear, discuss or deliberate upon any item that is within the subject matter jurisdiction of the legislative body*”. In other words, when there is a quorum of the legislative body constituting a majority, the Brown Act considers that a meeting. This also applies to situations where a majority of the members of the legislative body are attending a social gathering (for which no meeting notice was given) and they start discussing business under their jurisdiction.

The key elements for a meeting are quorum and discussion, hearing or deliberation of issues; the meeting needs not to be formally convened in order to be subject to the Act. This would then include gathering which may be defined as informal, study, discussion, informational, fact-finding, or pre-council.

#### **12.2.1 The Seminar or Conference Exception**

Some meetings are not covered by the Brown Act. [Attendance by a majority of the legislative body at a seminar, conference or similar educational gathering is generally exempted from Brown Act requirements. § 54952.2\(c\)\(2\). However, in order to qualify under this exception, the seminar or conference must be open to the public and must involve issues of general interest to the public or to local agencies. This exception will not apply if a majority of legislative body members discuss among themselves items of specific business relating to their own local agency other than as part of the scheduled program. Gatherings such as conferences and retreats, other public meetings, meetings of other legislative bodies, social or ceremonial events are exempt from the Brown Act provided that legislative members follow certain rules such as limiting the discussion to the agenda in the conference; or that legislative members do not discuss amongst themselves business of their legislative body. Also](#)

~~excluded from the application of the Brown Act are individual contacts or conversations between a member of a legislative body and any other person (i.e., non-staff or non-board member).~~

#### 12.2.12 Serial Meetings

The Brown Act explicitly prohibits the use of “...*direct communication, personal intermediaries, or technological devices that is employed by a majority of the members of the legislative body to develop a collective concurrence as to action to be taken on an item by the members of the legislative body*”. Serial meetings involve communication between members of a legislative body that are less than a quorum, but when all participants are considered, it constitutes a majority. For example, a chain of communication involving contact from member A to member B who then communicates with member C would constitute a "serial meeting" ... Similarly, when a person acts as the hub of a wheel (member A) and communicates individually with the various spokes (members B and C), a serial meeting has occurred.

In addition, a serial meeting occurs when intermediaries for board members have a meeting to discuss issues. For example, when a representative of member A meets with representatives of members B and C to discuss an agenda item, the members have conducted a serial meeting.

It should also be noted that legal precedence has established that the use of email to create consensus among the legislative members might be in violation of the Brown Act.

#### 12.2.32 Teleconference Meetings

The Brown Act allows teleconference meetings if they comply with the following specifications:

- The teleconference location is accessible to the public and it is noted in the agendas.
- ~~The meeting is useful to the public and the legislative body. An agenda is posted at all teleconference locations. The teleconference meeting shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body.~~
- All votes are taken by roll call.
- At least a quorum of the members of the legislative body are located within the boundaries of the territory over which it exercises jurisdiction.

#### 12.2.43 Closed Session Meetings

The Brown Act allows closed sessions under the scope of a regular or special meeting. It stipulates that they shall comply with agenda posting and be held within the jurisdiction of the legislative body, which shall include a description of the items to be discussed. In addition, prior to holding any closed session, the legislative body shall disclose, in an open meeting, the item or items to be discussed in the closed

session. The Act provides an extensive description of specific items that can be discussed by the legislative body in closed session.

The legislative body ~~should~~shall publicly report actions, along with the vote and abstention count, taken as result of a closed session as required by the Act. Documentation relative to the reports should be available to any person on the next business day following the meeting, or in the case of documents requiring substantial amendments, when any necessary re-typing is complete.

#### 12.2.54 Special Meetings

Either the presiding officer or the majority of members of the legislative body may call special meetings at any time by delivering each of its members a written notice and by notifying the media (which has previously requested notification of special meetings): the notice shall be received at least 24 hours in advance before the meeting. Special meetings notice shall be also posted at least 24 hours prior to the meeting and it should be held in a location that is freely accessible to members of the public. The discussions at the special meeting are limited to the issues posted in the agenda. No other business shall be considered.

#### 12.3 Compliance

In order to comply with the Brown Act, local agencies must adhere to the following rules:

- Hold open and public meetings. No legislative body shall conduct any meeting in a facility that prohibits the admittance of any person(s) on the basis of: race, religion, color, national origin, ancestry, sex; or that is inaccessible to disabled persons, or where the public, in order to gain access to the facility, needs to pay or purchase something.
- Vote publicly - no secret ballots are allowed.
- Comply with the protections and prohibitions of Section 202 of the Americans with Disabilities Act of 1990.
- Do not require public registration, as a condition for attendance; the public is not required to register, provide any other information, or fulfill any condition precedent to its attendance. If an attendance list is circulated, it shall clearly state that the signing, registering, or completion of the document is voluntary.
- Allow recording of the proceeding (video tape, audio tape) provided that recording is done in an undisruptive way.
- Do not prohibit or restrict broadcasting unless there is a finding that this would be disruptive to the proceedings.
- Post notice of meetings, information shall include specified time and location, except for ~~advisory or standing~~ “ad hoc” committees.
- Post agendas at least 72 hours in advance of ~~the~~ a regular meeting. Such notice shall contain a brief general description of each item of business.

- Do not take action or discuss any item not appearing on the posted agenda except under certain conditions as provided by the Act.
- Hold meetings in the jurisdiction of the legislative body.
- Allow and honor any person's request to provide and mail a copy of the agenda at the time the agenda is posted (at least 72 hours in advance) or of all the documents of the agenda packet of any meeting.
- Provide an opportunity for comment from members of the public to directly address the legislative body on any item of interest to the public on every agenda for regular [and special](#) meetings.
- Allow public criticism of the legislative body.
- Hold at least one public meeting, allowing for public comment, before adopting any new or increased general tax or increased assessment. The legislative body shall provide at least 45 days public notice of such meeting.
- Do not charge fees for the attendance to a meeting or for carrying out any provision in the Brown Act. The only exception is when legislative bodies are allowed to charge a fee that covers the cost of mailing an agenda or agenda packet. The Act also prohibits meetings in a place where the public needs to pay or purchase something.
- Disclose to the public agendas of public meetings and any other writings, when distributed to all, or a majority of all, of the members of a legislative body of a local agency. In addition, under the California Public Records Act these documents shall be made available upon request and without delay.
- Preserve the order in meetings. Moreover, if a group willfully interrupts a meeting and the order can only be restored by the removal of disruptive individuals, then the legislative body may order the meeting room to be cleared. The session might be reinitiated and representatives of the media shall be allowed to stay and attend the session. The legislative body may also establish a procedure for readmitting individual(s) not responsible for the disruptive conduct that caused the meeting room to be cleared.

#### [12.4 Violations of the Brown Act](#)

Each member of a legislative body who has taken action in violation of any provision of the Brown Act, and where there was willful deprivation of information to the public, is guilty of a misdemeanor. Civil remedies (injunction, mandamus, declaratory relief and voiding past actions of the body) are provided in case of violation of the Brown Act (that is, for violations to requirements for: general open meeting, agenda posting, closed sessions, tax and assessment, special meetings and, emergency meetings). A court may award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant.

In order to correct a violation to the Brown Act, a complaint to cure and correct has to be filed by the interested party within 30 days of the date the action was taken during an open meeting and in violation

of agenda requirements, or within 90 days of the date the action was taken for all other cases. Once the legislative body has received the complaint, it has 30 days to cure or correct the challenged action, if it fails to do so, a person then may file suit to void the action.

## Appendix 5 Chapter 13 – Form 700 (Statement of Economic Interests)

The Political Reform Act (the Act) provides that public officials of local agencies such as city councils, county boards of supervisors, special districts, and school boards must disclose their "economic interests" periodically on forms provided by the Fair Political Practices Commission (FPPC). In addition, an agency is required to determine which of its other officials, commission members, and employees perform duties that involve potential conflicts of interest. The legislative body adopts a resolution outlining those positions, called "designated employees." These employees are required to disclose their economic interests.

Conflict of interest is a complex issue. Board members should carefully consider and monitor "gifts" from any person or organization whether the gifts are financial support, loans, event tickets, meals, etc. Many of these gifts may need to be reported and may present a conflict of interest when considering and/or voting on projects or issues related to the person presenting the gift. Questions relating to conflict of interest should be directed to the [District/Agency's](#) legal counsel or the FPPC.

The Form 700 Statement of Economic Interests (SEI) annual filings, due in April, cover the previous calendar year or from the last filing period, as required.

There are five components to the Form 700 SEI:

- **Assuming Office Statement** - If you are a newly appointed official or are newly employed in a position designated, or that will be designated, in a state or local agency's conflict of interest code, your assuming office date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected official, your assuming office date is the date you were sworn in.

Investments, interests in real property, and business positions held on the date you assumed the office or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the office or position is reportable.

- **Annual Statement:** Generally, the period covered is January 1, through December 31. If the period covered by the statement is different than January 1 through December 31, (for example, you assumed office between October 1 and December 31, or you are combining statements), you must specify the period covered.

Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur during the year.

- **Leaving Office Statement:** Generally, the period covered is January 1 through the date you stopped performing the duties of your position. If the period covered differs from January 1, through the date you stopped performing the duties of your position (for example, you assumed

office between October 1 and December 31 or you are combining statements), the period covered must be specified. The reporting period can cover parts of two calendar years.

Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur during the year.

- **Candidate Statement:** If you are filing a statement in connection with your candidacy for state or local office, investments, interests in real property, and business positions held on the date of filing your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of filing your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective offices (e.g., county sheriffs, city clerks, school board trustees, or water [districtagency](#) board members) must file candidate statements, as required by the conflict of interest code for the elected position. The code may be obtained from the agency of the elected position.

- **Amendments:** If you discover errors or omissions on any statement, file an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to refile the entire form. Obtain amendment schedules from the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

## Appendix 6 Chapter 14 – Summary of Robert’s Rules of Order

Robert’s Rules of Order provides a set of common rules and procedures for deliberation and debate that places all persons involved on an equal footing and insures consistency in the manner and language used during the conduct of a meeting. The comportment of any business activity is controlled by the general will of those involved, based on a shared acceptance that decisions will be made by a deliberate majority. Fairness dictates that a minority has the right to require the assembly to act according to its considered judgment after a full and fair "working through" of the issues involved. Robert's Rules facilitates constructive and democratic meetings and are intended to help, not hinder, the business of the assembly. Under no circumstances should undue strictness be allowed to intimidate members or limit full participation.<sup>1</sup>

### 14.1 Guidelines<sup>2</sup>

The following are the essential guidelines of Robert’s Rules that should be employed during a meeting:

- **Motion:** To introduce a new piece of business or propose a decision or action, a motion must be made by a group member ("I move that....."). A ~~second~~ motion must then also be made (raise your hand and say, "I second it."). After limited discussion the group then votes on the motion. A majority vote is required for the motion to pass (or ~~quorum~~ supermajority as specified in your bylaws.)
- **Postpone Indefinitely:** This tactic is used to kill a motion. When passed, the motion cannot be reintroduced at that meeting. It may be brought up again at a later date. This is made as a motion ("I move to postpone indefinitely..."). A second is required. A majority vote is required to postpone the motion under consideration.
- **Amend:** This is the process used to change a motion under consideration. Perhaps you like the idea proposed but not exactly as offered. Raise your hand and make the following motion: "I move to amend the motion on the floor." This also requires a second. After the motion to amend is seconded, a majority vote is needed to decide whether the amendment is accepted. Then a vote is taken on the amended motion. In some organizations, a "friendly amendment" is made. If the person who made the original motion agrees with the suggested changes, the amended motion may be voted on without a separate vote to approve the amendment.
- **Commit:** This is used to place a motion in committee. It requires a second. A majority vote must rule to carry it. At the next meeting the committee is required to prepare a report on the motion committed. If an appropriate committee exists, the motion goes to that committee. If not, a new committee is established.
- **Question:** To end a debate immediately, the question is called (say "I call the question") and needs a second. A vote is held immediately (no further discussion is allowed). A two-thirds vote is required for passage. If it is passed, the motion on the floor is voted on immediately.
- **Table:** To table a discussion is to lay aside the business at hand in such a manner that it will be considered later in the meeting or at another time ("I make a motion to table this discussion

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<sup>1</sup> Adapted from "Robert's Rules of Order - Summary Version", accessed online March 6, 2017, Page 49 | 52 <http://www.robertsrules.org/>

<sup>2</sup> Adapted from "Parliamentary Procedure for Meetings", accessed online March 6, 2017, <http://www.ulm.edu/staffsenate/documents/roberts-rules-of-order.pdf>



until the next meeting. In the meantime, we will get more information so we can better discuss the issue.") A second is needed and a majority vote required to table the item being discussed.

- **Adjourn:** A motion is made to end the meeting. A second motion is required. A majority vote is then required for the meeting to be adjourned (ended).

## 14.2 Parliamentary Application<sup>3</sup>

The following provides examples of how members of an assembly utilize Robert's Rules of Order during a meeting:

- **Main Motion:** A main motion must be moved, seconded, and stated by the chair before it can be discussed.
- **Second the Motion:** If you want to move, second, or speak to a motion, address the chair.
- **Vote to Approve:** If you approve the motion as is, vote for it
- **Vote to Disapprove:** If you disapprove the motion, vote against it
- **Changing the Motion:** If you approve the idea of the motion but want to change it, amend it or submit a substitute for it
- **Need More Information:** If you want advice or information to help you make your decision, move to refer the motion to an appropriate quorum or committee with instructions to report back.
- **Refer to Committee:** If you feel they can handle it better than the assembly, move to refer the motion to a quorum or committee with power to act.
- **Tabling the Motion:** If you feel that ~~there~~ the pending question(s) should be delayed so more urgent business can be considered, move to lay the motion on the table.
- **Defer Action:** If you want time to think the motion over, move that consideration be deferred to a certain time.
- **Move the Question:** If you think that further discussion is unnecessary, move the previous question.
- **Recalling a Motion:** If you think that the assembly should give further consideration to a motion referred to a quorum or committee, move the motion be recalled.
- **Reconsidering an Action:** If you think that the assembly should give further consideration to a matter already voted upon, move that it be reconsidered.
- **Appealing a Decision:** If you do not agree with a decision rendered by the chair, appeal the decision to the assembly.
- **Point of Order:** If you think that a matter introduced is not germane to the matter at hand, a point of order maybe raised.
- **Time Limit on Discussion:** If you think that too much time is being consumed by speakers, you can move a time limit on such speeches.

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<sup>3</sup> Ibid.

- **Divide the Motion:** If a motion has several parts, and you wish to vote differently on these parts, move to divide the motion.



A REGIONAL WATER AGENCY  
SINCE 1954



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**DATE:** September 26, 2023  
**TO:** Board of Directors' Workshop  
**FROM:** Heather Dyer, CEO / General Manager  
Cindy Saks, CFO / Deputy General Manager  
**SUBJECT:** Review Board Approved Investment Policy

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**Staff Recommendation**

Staff recommends the Board review the Investment Policy and provide direction to staff on any potential updates or changes to the policy.

**Background**

During the required annual board review of the investment policy; the Board approved Director Longville's request for a future business item to discuss identifying companies the District would divest or not invest or hold investment securities specifically in publicly traded fossil fuel companies.

The investment policy is intended to provide guidelines for the prudent investment of San Bernardino Valley's (SBVMWD) temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of its cash management system. The goal is twofold; one is to preserve SBVMWD's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

PFM Asset management is the District's investment advisor and follows the guidelines as set forth in the investment policy specifically mentioned in the Objectives section which states:

*SBVMWD's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the SBVMWD to invest funds to the fullest extent possible. The SBVMWD attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.*

The investment policy is being brought to the workshop today for future discussion by the Board.

**Fiscal Impact**

There is no fiscal impact to reviewing the investment policy. Additional consulting fees could result if the Board made changes to the investment policy requiring the investment advisor to perform additional services outside the normal prudent investor standards.

**Attachment**

- 1) Board Approved Investment Policy
- 2) Current list of San Bernardino Valley Long-Term Investments

*San Bernardino Valley Municipal Water District*

**STATEMENT OF INVESTMENT POLICY**

**Revised and adopted on August 13, 2020**

**Reviewed by the Board on May 16, 2023**

**I. POLICY**

This Statement of Investment Policy (Policy) is intended to provide guidelines for the prudent investment of San Bernardino Valley Municipal Water District (SBVMWD)'s temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of SBVMWD's cash management system. The goal is twofold; one is to preserve SBVMWD's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

**II. SCOPE**

All moneys entrusted to SBVMWD shall be pooled in an actively managed portfolio. The Chief Executive Officer (CEO) / General Manager or their designee is authorized to invest funds in accordance with California Government Code (CGC) Section 53600 et seq. This Policy applies to all financial assets and investment activities of SBVMWD and includes, but is not limited to, the following funds:

General Funds  
State Water Contract Funds  
Capital Project Funds  
Enterprise Funds, and any new fund, unless specifically exempted.

This Policy, however, specifically excludes the employees' retirement and deferred compensation funds. In accordance with CGC Section 53601 (m), bond proceeds will be invested according to the applicable bond documents. If the bond documents are silent as to the investment of the proceeds, the proceeds will be invested according to this Policy.

**III. PRUDENCE**

SBVMWD shall follow the standards within the content of the Prudent Investor Standard as set forth in CGC Section 53600.3 that states in part: "When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill and prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency."

#### **IV. OBJECTIVES**

SBVMWD's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the SBVMWD to invest funds to the fullest extent possible. The SBVMWD attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.

##### **A. SAFETY**

Safety of principal is the foremost objective of the SBVMWD. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, rating downgrades, broker-dealer defaults, or erosion of market value. SBVMWD shall seek the preservation of capital by mitigating two types of risk; credit risk and market risk.

1. Credit risk - is the risk of loss due to failure of the issuer and is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the cash flow of the agency.
2. Market risk - is the risk of market value fluctuations due to changes in the general level of interest rates, and shall be mitigated by structuring the portfolio so maturing securities match cash outflows, eliminating the need to sell securities prior to their maturity. Market risk shall also be mitigated by limiting the maturity of the SBVMWD investment portfolio to the terms described in Section C subparagraph V in this policy.

It is recognized that within a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall return on the investment.

##### **B. LIQUIDITY**

SBVMWD will endeavor to invest in a manner consistent with its anticipated cash flow requirements. SBVMWD's investment portfolio will remain satisfactorily liquid, enabling the agency to meet all anticipated and operating cash flow requirements.

##### **C. RETURN ON INVESTMENTS**

SBVMWD's investment portfolio shall be designed to attain a market rate of return over budgetary and economic cycles. Whenever possible with respect to budgetary and cash flow requirements, and consistent with risk limitations and prudent investment principles, the CEO / General Manager or their designee shall seek to augment returns above the market rate of return.

SBVMWD will operate in an active capacity in the investment strategy. The basis of the strategy used by the CEO / General Manager or their designee to determine whether market yields are achieved shall be the State of California Local Agency Investment Fund (L.A.I.F.).

**V. MAXIMUM MATURITIES**

The longer the maturity of securities, the greater the market price volatility. Therefore, it is the general policy of SBVMWD to limit the potential effects from erosion in market values by adhering to the following guidelines:

- A. All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- B. Maturity dates for longer-term investments will coincide with significant cash flow requirements where possible, to assist with short term cash requirements at maturity.
- C. All longer-term securities will be purchased with the intent to hold all investments to maturity under then-prevailing economic conditions. However, economic or market conditions may change, making it in SBVMWD's best interest to sell or trade a security prior to maturity.
- D. Per CGC Sections 53601 et seq. where a maximum maturity is not stated, the maximum maturity of any investment shall not exceed five (5) years, without specific approval of the SBVMWD Board of Directors of the investment or of an investment program, not less than three months prior to initiating that investment or program.
- E. The average maturity of the overall portfolio shall not exceed 1,275 days (3.5 years).

**VI. DELEGATION AND GRANTS OF AUTHORITY**

Management responsibility for the investment program is delegated by the Board of Directors for a period of one-year to the CEO / General Manager or their designee who shall establish written procedures and policies for the operation of the investment program consistent with this Policy. Subject to review, the Board of Directors may renew the delegation of authority pursuant to this section each year.

No person shall engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Board of Directors. The CEO / General Manager or their designee shall establish a series of internal accounting controls to regulate and/or restrict the activities of subordinate representatives within the SBVMWD. As authorized by the Board of Directors, the CEO / General Manager or their designee may engage an investment advisor to assist with the SBVMWD's investment program. Under the direction of the CEO / General Manager or their designee, the investment advisor will have responsibility for providing recommendations for and managing designated funds and recommending procedures for executing day-to-day investment transactions. The investment advisor shall follow this investment policy and such other written instructions as are provided.



**VII. INVESTMENT COMMITTEE**

The SBVMWD Board of Directors shall act as the investment committee to provide general oversight and guidance concerning the investment policy related to the management of SBVMWD's investments. The committee shall meet as needed. The CEO / General Manager or their designee shall be responsible for the day-to-day investments of the agency.

**VIII. ETHICS AND CONFLICT OF INTEREST**

The CEO / General Manager and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The CEO / General Manager and all investment personnel shall disclose to SBVMWD's legal counsel any material financial interests in financial institutions that conduct business within the jurisdiction, and shall disclose any material financial investment positions that could be related in a conflicting manner to the performance of the SBVMWD's investment portfolio.

The CEO / General Manager, Chief Financial Officer (CFO) / Deputy General Manager and Investment Advisor shall complete on an annual basis, State of California Form 700, Statement of Economic Interests disclosure.

**IX. SAFEKEEPING AND CUSTODY AGREEMENTS**

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by SBVMWD shall be kept in safekeeping by a third party bank trust department, acting as agent for the SBVMWD under the terms of a custody agreement executed by the bank and the SBVMWD. All securities will be received and delivered using standard delivery versus payment procedures with the SBVMWD's custodial bank, and evidenced by safekeeping receipts. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) placement service CDs, (ii) LAIF, (iii) local government investment pools; and, (iv) money market mutual funds, since these securities are not deliverable. These investments shall be made in the name of the SBVMWD and the CEO / General Manager or their designee shall keep a record of any funds in any of these investments. Custodial statements shall be reconciled against transaction schedules on a monthly basis.

**X. INTERNAL CONTROLS**

Separation of duties among employees involved in cash management activities is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation shall be conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions shall be reviewed and balanced to appropriate general ledger accounts on a monthly basis.

An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies and procedures. The audit shall also include a review for compliance with SBVMWD's Statement of Investment Policy.

#### **XI. FINANCIAL REPORTING**

As recommended by CGC Section 53646, the CEO / General Manager or their designee shall render a monthly report to the SBVMWD Board of Directors, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment. Additionally, the report shall also include the rate of interest and other data so required by the SBVMWD Board of Directors. The report shall include a statement denoting SBVMWD's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient moneys will not be available. Additionally, the CEO / General Manager and their designee shall state whether the SBVMWD is in compliance with this Policy by signature required on the Treasurers' Report. As required by CGC Section 53607, the CEO / General Manager or their designee shall also provide a monthly list of transactions to the Board of Directors.

#### **XII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

Investments not purchased directly from the issuer, shall be purchased from banks, savings and loan institutions, and registered investment securities dealers. The dealers should either be primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers qualifying under the Securities and Exchange Commission Rule 15C3-1.

If the SBVMWD is utilizing financial dealers or institutions to execute transactions, the CEO / General Manager or their designee shall examine financial institutions that wish to perform business with the SBVMWD, in order to confirm whether the participating financial institutions are satisfactorily capitalized, are market makers in securities appropriate to the SBVMWD's financial investment universe and agree to comply by the conditions set forth in SBVMWD's Policy. The CEO / General Manager or their designee shall send a copy of the current Statement of Investment Policy to all dealers approved to do business with the SBVMWD. Signed Dealer/Broker Confirmation Certificates shall be kept on file documenting the dealer/broker's understanding of SBVMWD's Policy.

If an investment advisor has been engaged to assist with SBVMWD's investment program, the investment advisor is authorized to use their own list of approved broker/dealers/issuers/ financial institutions to conduct investment transactions on SBVMWD's behalf subject to the provisions of SBVMWD's policy.

#### **XIII. AUTHORIZED AND ACCEPTABLE INVESTMENTS**

SBVMWD is subject to CGC Section 53601 et seq. Within the context of the governing language, the following investments are authorized and accepted as defined below. In the event an apparent discrepancy is found between this Policy and the CGC, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased. In the event a security held by the

SBVMWD is subject to a credit rating change that brings it below the minimum credit ratings specified in this Policy, the CEO / General Manager or their designee shall notify the Board of Directors of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

- A. United States Treasuries. United States Treasury Bills, Notes and Bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest There is no limitation as to the percentage of the portfolio that can be invested within this category.
- B. Federal Agencies. Federal agency or United States government-sponsored enterprise 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. Although there is no percentage limitation on "federal agency" issues, the prudent investor standard shall apply for a single agency name.
- C. Banker's Acceptances. Time drafts drawn on and accepted by a commercial bank, otherwise known as Banker's Acceptances (BAs). To be eligible for purchase, the issuer must have debt that is rated in a rating category of at least "A-1" short-term or "A" long-term by a Nationally Recognized Statistical Rating Organization (NRSRO). Eligible banker's acceptances shall have a maximum maturity of 180 days or less. Purchases of banker's acceptances may not exceed 40% of the market value of the portfolio.
- D. Commercial Paper. Commercial Paper rated in the highest ranking or of the highest letter and number rating as provided for by a NRSRO and issued by a corporation organized and operating within the United States having assets exceeding five hundred million dollars (\$500,000,000) and having debt other than commercial paper, if any, that is rated in a rating category of "A" or higher by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. Purchases of commercial paper cannot exceed 25% of the market value of the portfolio. Purchases of commercial paper may not exceed 10% of outstanding paper of an issuing corporation.
- E. Negotiable Certificates of Deposit (NCD). NCDs issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. To be eligible for purchase by the SBVMWD, the NCD must be issued by an issuer whose short-term debt is rated in a rating category of at least "A-1", or "A" long-term by a NRSRO. Purchases of NCDs may not exceed 30% of the market value of the portfolio. A maturity limitation of five (5) years is applicable on NCDs.
- F. Placement Service Deposits. Deposits placed with a private sector entity that assists in the placement of deposit with eligible financial institutions located in the United States. The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement service deposits shall meet all of the requirements of CGC 53601.8. Purchases of placement service deposits may not exceed 30% of the market value of the portfolio.

- G. Repurchase Agreements. Repurchase Agreements with banks and dealers with which the SBVMWD has entered into a Master Repurchase Agreement which specifies terms and conditions of Repurchase Agreements. A signed copy of the Master Repurchase Agreement shall be required from the authorized financial dealer prior to the execution of any applicable transaction. The maturity of Repurchase Agreements shall not exceed one year. In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for Repurchase Agreements, the only securities acceptable as collateral shall be eligible Negotiable Certificates of Deposit, eligible Banker's Acceptances, or securities that are fully guaranteed as to principal and interest by the United States or by any agency of the United States government. All securities held as collateral shall have a maximum maturity of five (5) years. The market value of securities used as collateral for Repurchase Agreements shall be monitored daily, and will not be allowed to fall below 102% of the value of the Repurchase Agreement as set forth in CGC Section 53601 (i) (2).
- H. Local Agency Investment Fund. The Agency may invest in the Local Agency Investment Fund (L.A.I.F.) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.
- I. Medium-Term Notes. 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. Medium-Term Notes eligible for investment shall be rated in a rating category of "A," or its equivalent, or better by a nationally recognized rating service. Purchases of medium-term notes may not exceed 30% of the market value of the portfolio.
- J. Local Government Investment Pools. Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC 6509.7 that invests in the securities and obligations authorized in CGC Section 53601 subdivisions (a) to (o), inclusive. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets the requirements of CGC 53601(p). Investments are limited to pools that are rated in a rating category of "AA" or better. Purchases of local government investment pools may not exceed 50% of the market value of the portfolio.
- K. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). The company shall have met either of the following criteria: (i) Attain the highest ranking or the highest letter and numerical ranking provided by not less than two NRSROs; or (ii) Have an investment advisor 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 five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest (purchased pursuant to this subdivision shall not include any commission that these companies may charge. Purchases of money market funds may not exceed 20% of the market value of the portfolio.

- L. All positions in pooled investment programs (per Sections H, J, and K above) shall be subject to periodic review by the CEO / General Manager, or a designee thereof, in order to ensure that the moneys in question are managed in a manner consistent with the standards and objectives set forth elsewhere in this Policy.
- M. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, or time certificates of deposits in financial institutions located in California. Any financial institution accepting SBVMWD funds for deposit must comply with the requirements of CGC 53630 et seq., including collateralization of deposits. The CEO / General Manager or their designee may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance. As provided by CGC 53649, the SBVMWD shall have a signed contract with each financial institution that has SBVMWD funds on deposit. There is no limitation as to the percentage of the portfolio that may be invested in bank deposits; however, no more than 25% of the market value of the portfolio may be invested in time certificates of deposit.
- N. Municipal Bonds. Registered treasury notes or bonds issued by any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by agency state or by a department, board, agency, or authority of any state.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases of municipal bonds may not exceed 30% of the market value of the portfolio.

#### **XIV. PROHIBITED INVESTMENTS**

In accordance with CGC Section 53601.6, SBVMWD will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The purchase of securities issued by companies organized outside the United States is prohibited. The SBVMWD may hold previously permitted but currently prohibited investments until their maturity dates.

#### **XV. LEGISLATIVE CHANGES**

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations shall be incorporated into SBVMWD's Investment Policy, and supersede any and all previous applicable language.

#### **XVI. INTEREST EARNINGS**

All moneys earned and collected from investments authorized in this policy shall be allocated on a quarterly basis to various fund accounts where required by law, or other

agreement, based on the cash balance in each fund as a percentage of the respective pooled portfolio. However, fiduciary accounts requiring full liquidity will receive their proportional distribution of moneys based on the lower of pooled or LAIF rates.

#### **XVI. PORTFOLIO MANAGEMENT ACTIVITY**

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- A. Active Portfolio Management. Through active fund and cash flow management taking advantage of current economic and interest rate trends, the portfolio's yield may be enhanced with limited and measurable increases in risk.
- B. Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the SBVMWD shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.
- C. Competitive Bidding. It is the policy of the SBVMWD to require competitive bidding for investment transactions whenever practical.
- D. Diversification. To promote diversification, no more than 5% of the market value of the portfolio may be invested in the securities of any one issuer, regardless of security type; with the exception of U.S. Treasuries, federal agencies, supranationals, and pooled investments such as LAIF, money market funds, or local government investment pools.

#### **XVIII. INVESTMENT POLICY REVIEW**

This Policy is intended to conform to all applicable statutes at the time of adoption. The Policy shall be reviewed and approved annually by the SBVMWD Board of Directors at a public meeting to ensure consistency with the SBVMWD's investment objectives and to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of the SBVMWD.

## **GLOSSARY OF INVESTMENT TERMS**

**AGENCIES**: Securities issued by any of several U. S. Government Agencies including, but not limited to, the Federal Home Loan Bank (FHLB), the Federal Farm Credit Bank (FFCB), and the Federal National Mortgage Association (FNMA or “Fannie Mae”).

**ASKED**: The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA)**: A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BID**: The price offered for securities.

**BROKER**: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides.

**COLLATERAL**: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**CERTIFICATE OF DEPOSIT (CD)**: A time deposit with a specific maturity evidenced by a certificate. Certificate of Deposit may be issued in either negotiable or nonnegotiable form. Nonnegotiable certificates cannot be resold on the secondary market and may face penalties for early redemption whereas a negotiable CD may be resold.

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

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

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

**DERIVATIVE**: A financial instrument created from, or whose value depends on (is derived from) the value of one or more underlying assets or indexes of asset values.

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

**DISCOUNT SECURITIES**: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

## **GLOSSARY OF INVESTMENT TERMS**

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve regional Banks and about 5,700 commercial banks that are members of the system.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Mae's.

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

**LOCAL AGENCY INVESTMENT FUND (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

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



## **GLOSSARY OF INVESTMENT TERMS**

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MUNICIPAL BONDS:** Offered by state and local governments, these bonds are primarily issued to finance infrastructure improvements, such as highways or sewers.

**PORTFOLIO:** Collection of securities held by an investor.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state - the so-called legal list. In other states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**PRIMARY DEALER:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few regulated firms.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

## **GLOSSARY OF INVESTMENT TERMS**

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

**TREASURY BOND:** Long-term U.S. Treasury securities having initial maturities of more than ten years.

**TREASURY NOTES:** Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

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

Security Type	Description	PAR Value
FEDERAL AGENCY BOND	FEDERAL HOME LOAN BANKS	850,000.00
FEDERAL AGENCY BOND	FEDERAL HOME LOAN MORTGAGE CORP	1,075,000.00
CERTIFICATE OF DEPOSIT	Bank of Montreal - Chicago Branch	925,000.00
CERTIFICATE OF DEPOSIT	Barclays Bank PLC	925,000.00
CERTIFICATE OF DEPOSIT	Credit Agricole Corporate And Investment Bank, New	2,175,000.00
CERTIFICATE OF DEPOSIT	Nordea ABP - New York Branch	2,850,000.00
CERTIFICATE OF DEPOSIT	Rabobank Nederland - New York Branch	2,450,000.00
CERTIFICATE OF DEPOSIT	Toronto-Dominion Bank - New York Branch	3,850,000.00
CORPORATE NOTE/BOND	AMAZON.COM INC	2,500,000.00
CORPORATE NOTE/BOND	AMERICAN EXPRESS CO	2,190,000.00
CORPORATE NOTE/BOND	AMERICAN HONDA FINANCE CORP	2,625,000.00
CORPORATE NOTE/BOND	ASTRAZENECA FINANCE LLC	1,825,000.00
CORPORATE NOTE/BOND	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW YORK)	1,215,000.00
CORPORATE NOTE/BOND	BANK OF AMERICA CORP	3,650,000.00
CORPORATE NOTE/BOND	BANK OF AMERICA NA	1,500,000.00
CORPORATE NOTE/BOND	BANK OF NEW YORK MELLON CORP	1,980,000.00
CORPORATE NOTE/BOND	BMW US CAPITAL LLC	3,355,000.00
CORPORATE NOTE/BOND	CATERPILLAR FINANCIAL SERVICES CORP	2,005,000.00
CORPORATE NOTE/BOND	CHARLES SCHWAB CORP	1,155,000.00
CORPORATE NOTE/BOND	CINTAS NO 2 CORP	625,000.00
CORPORATE NOTE/BOND	CITIGROUP INC	2,670,000.00
CORPORATE NOTE/BOND	COLGATE-PALMOLIVE CO	1,460,000.00
CORPORATE NOTE/BOND	COMCAST CORP	290,000.00
CORPORATE NOTE/BOND	COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3,900,000.00
CORPORATE NOTE/BOND	COOPERATIEVE RABOBANK UA (NEW YORK BRANCH)	885,000.00
CORPORATE NOTE/BOND	ELI LILLY AND CO	770,000.00
CORPORATE NOTE/BOND	EXXON MOBIL CORP	2,100,000.00
CORPORATE NOTE/BOND	GOLDMAN SACHS GROUP INC	1,350,000.00
CORPORATE NOTE/BOND	HOME DEPOT INC	580,000.00
CORPORATE NOTE/BOND	HONEYWELL INTERNATIONAL INC	1,265,000.00
CORPORATE NOTE/BOND	HSBC USA INC	2,635,000.00
CORPORATE NOTE/BOND	INTEL CORP	1,250,000.00
CORPORATE NOTE/BOND	INTERNATIONAL BUSINESS MACHINES CORP	2,615,000.00
CORPORATE NOTE/BOND	JOHN DEERE CAPITAL CORP	4,035,000.00
CORPORATE NOTE/BOND	JPMORGAN CHASE & CO	4,230,000.00
CORPORATE NOTE/BOND	LINDE INC	2,465,000.00
CORPORATE NOTE/BOND	LOCKHEED MARTIN CORP	475,000.00
CORPORATE NOTE/BOND	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	250,000.00
CORPORATE NOTE/BOND	MERCK & CO INC	810,000.00
CORPORATE NOTE/BOND	MORGAN STANLEY	2,215,000.00
CORPORATE NOTE/BOND	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	1,995,000.00
CORPORATE NOTE/BOND	NESTLE HOLDINGS INC	2,995,000.00
CORPORATE NOTE/BOND	PACCAR FINANCIAL CORP	3,470,000.00
CORPORATE NOTE/BOND	PEPSICO INC	2,365,000.00
CORPORATE NOTE/BOND	PNC FINANCIAL SERVICES GROUP INC	1,150,000.00
CORPORATE NOTE/BOND	ROCHE HOLDINGS INC	4,225,000.00
CORPORATE NOTE/BOND	STATE STREET CORP	3,495,000.00
CORPORATE NOTE/BOND	TEXAS INSTRUMENTS INC	310,000.00
CORPORATE NOTE/BOND	TOYOTA MOTOR CREDIT CORP	2,325,000.00
CORPORATE NOTE/BOND	TRUIST FINANCIAL CORP	2,075,000.00
CORPORATE NOTE/BOND	UNILEVER CAPITAL CORP	655,000.00

Security Type	Description	PAR Value
CORPORATE NOTE/BOND	UNITEDHEALTH GROUP INC	1,000,000.00
CORPORATE NOTE/BOND	USAA CAPITAL CORP	1,155,000.00
CORPORATE NOTE/BOND	WALMART INC	1,625,000.00
CORPORATE NOTE/BOND	WELLS FARGO & CO	1,600,000.00
CORPORATE NOTE/BOND	WELLS FARGO BANK NA	850,000.00
COMMERCIAL PAPER	BNP Paribas New York Branch	950,000.00
COMMERCIAL PAPER	Canadian Imperial Holdings, Inc.	1,000,000.00
COMMERCIAL PAPER	Citigroup Global Markets Inc.	725,000.00
COMMERCIAL PAPER	Credit Agricole Corporate And Investment Bank	1,450,000.00
COMMERCIAL PAPER	MUFG Bank, Ltd., New York Branch	1,450,000.00
COMMERCIAL PAPER	Natixis, New York Branch	1,400,000.00
MUNICIPAL BONDS	CALIFORNIA ST UNIV REV	625,000.00
MUNICIPAL BONDS	FLORIDA ST BRD ADMIN FIN CORP REV	925,000.00
MUNICIPAL BONDS	MASSACHUSETTS (COMMONWEALTH OF)	1,565,000.00
MUNICIPAL BONDS	MISSISSIPPI ST	275,000.00
MUNICIPAL BONDS	NEW JERSEY ST TPK AUTH TPK REV	760,000.00
U.S. GOVERNMENT	UNITED STATES TREASURY	223,240,000.00
YANKEE	COOPERATIEVE RABOBANK UA (NEW YORK BRANCH)	1,625,000.00
YANKEE	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	3,510,000.00
		<b>346,765,000.00</b>
	STATE WATER CONTRACT FUND	298,440,000.00
	GENERAL FUND	48,325,000.00
		<b>346,765,000.00</b>