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# Call to Order

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Board of Directors Workshop - Policy  
Thursday, August 11, 2022

*Chairperson – Director Botello*  
*Vice-Chair – Director Kielhold*

# Introductions

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*Following the introduction of Directors and District staff, participants may use this time to state their name and agency/affiliation in order to be included in the formal record of attendees.*

# Public Comment

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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.





# Summary of Previous Meeting (Pg. 3)

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Board of Directors Workshop – Policy – July 14, 2022

# Discussion Item 4.1 (Pg. 8)

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**Cindy Saks, CPA** – Deputy General Manager/Chief Financial Officer

Quarterly Investment Portfolio Update from PFM Asset Management

## **Staff Recommendation**

Receive and file the quarterly portfolio update report from PFM Asset Management.



# San Bernardino Valley Municipal Water District

## Investment Performance Review For the Quarter Ended June 30, 2022

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### Client Management Team

Sarah Meacham, Managing Director  
James Sims, CFA, Managing Director  
Ellen Clark, Director  
Richard Babbe, CCM, Senior Managing Consultant

### PFM Asset Management LLC

633 W 5th St., 25th Floor  
Los Angeles, CA 90071  
213-415-1699

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ High inflation
  - ▶ A strong labor market
  - ▶ Depressed consumer confidence
  - ▶ Growing potential for economic recession

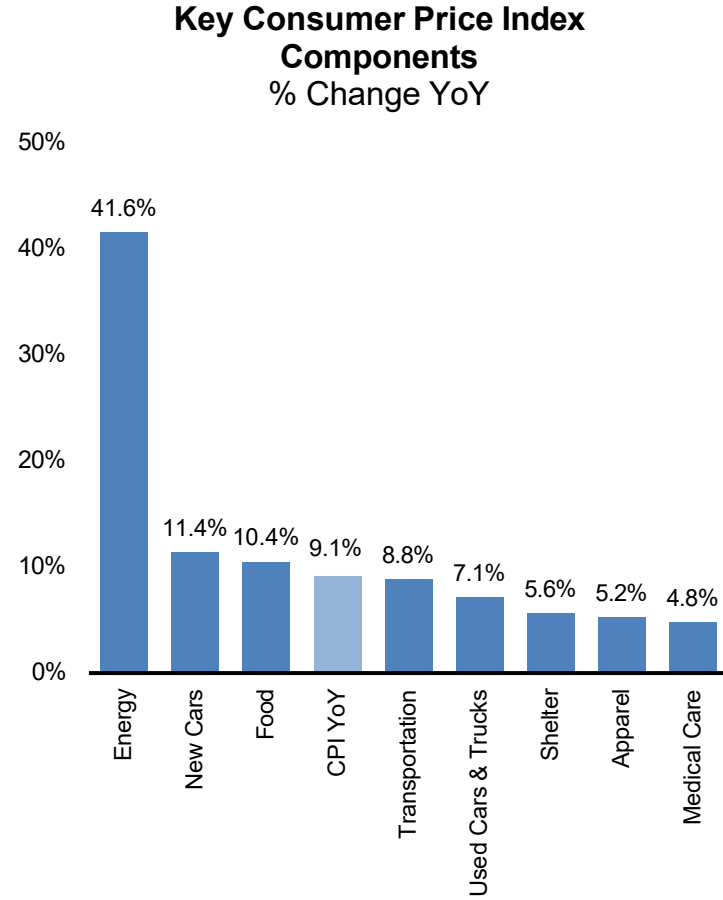
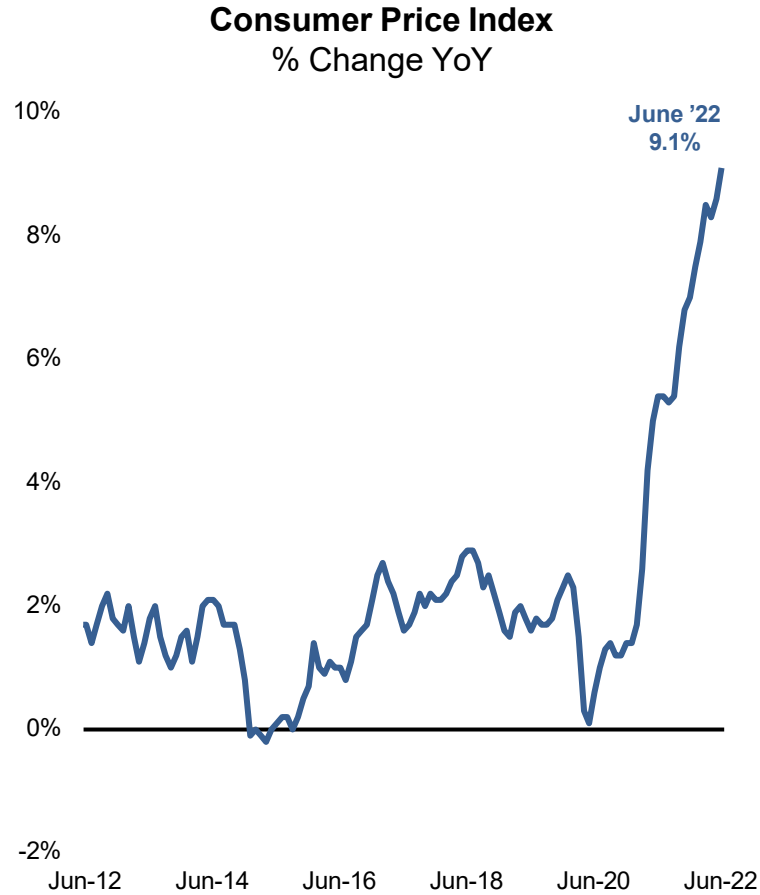


- ▶ The Federal Reserve is tightening monetary policy
  - ▶ More aggressive rate hikes to battle persistent inflation
  - ▶ Short-term fed funds rate projected to reach 3.25% to 3.75% by year-end
  - ▶ Start of balance sheet reduction; pace to double beginning in September



- ▶ Asset prices have fallen sharply in 2022 as a result of:
  - ▶ The impact of higher rates on bond prices and equity valuations
  - ▶ Wider credit spreads
  - ▶ High commodity prices, rising labor costs, and the continuing conflict in Ukraine
  - ▶ High levels of volatility and uncertainty

### U.S. Inflation Hit a New Four-Decade High in June

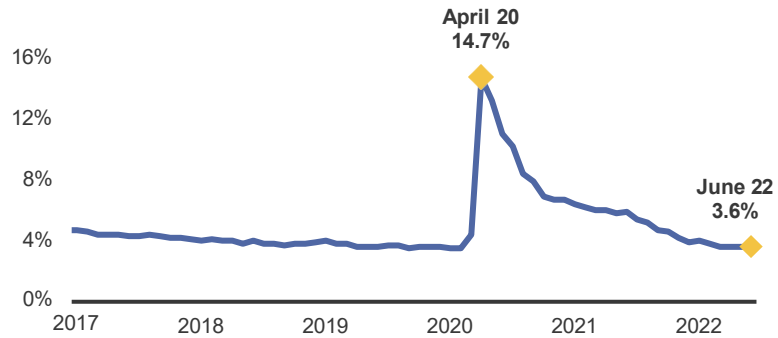


Source: Bloomberg, as of June 2022.

## Strong Labor Market and Spending Provide Momentum Against Signs of Economic Slowing

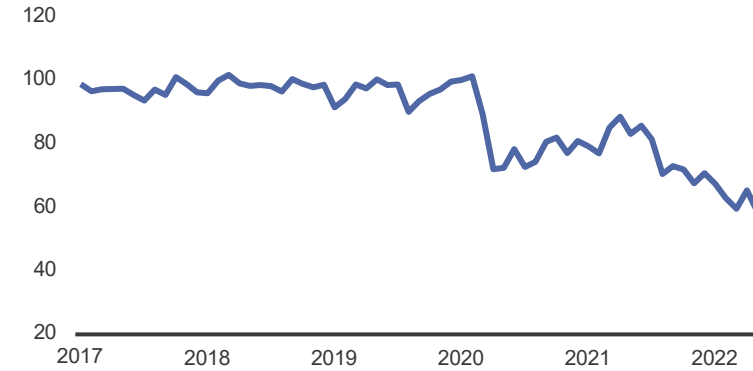
### Tailwinds

U.S. Unemployment Rate

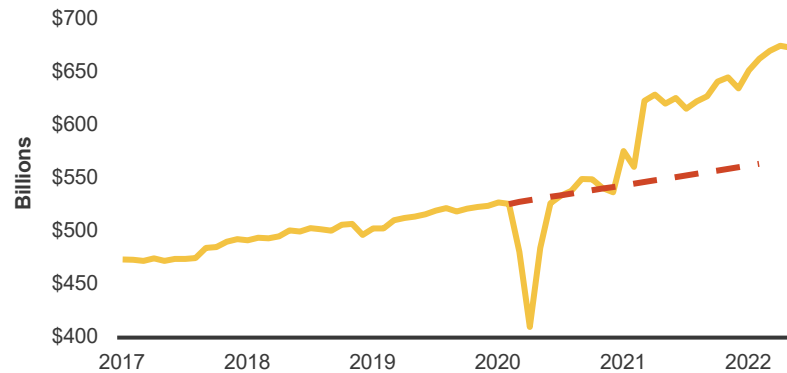


### Headwinds

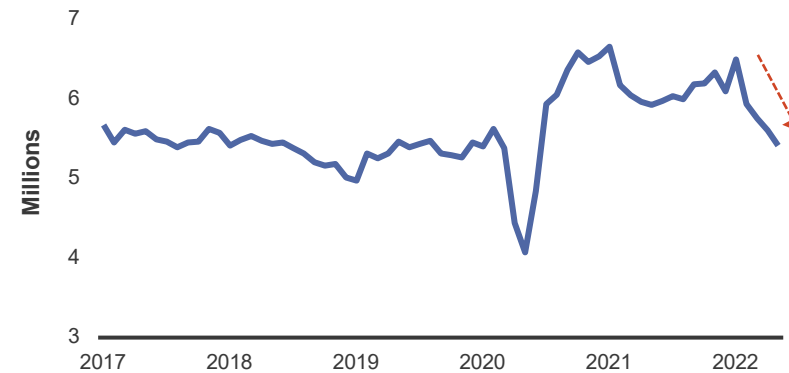
Index of Consumer Sentiment



Retail Sales (Monthly)



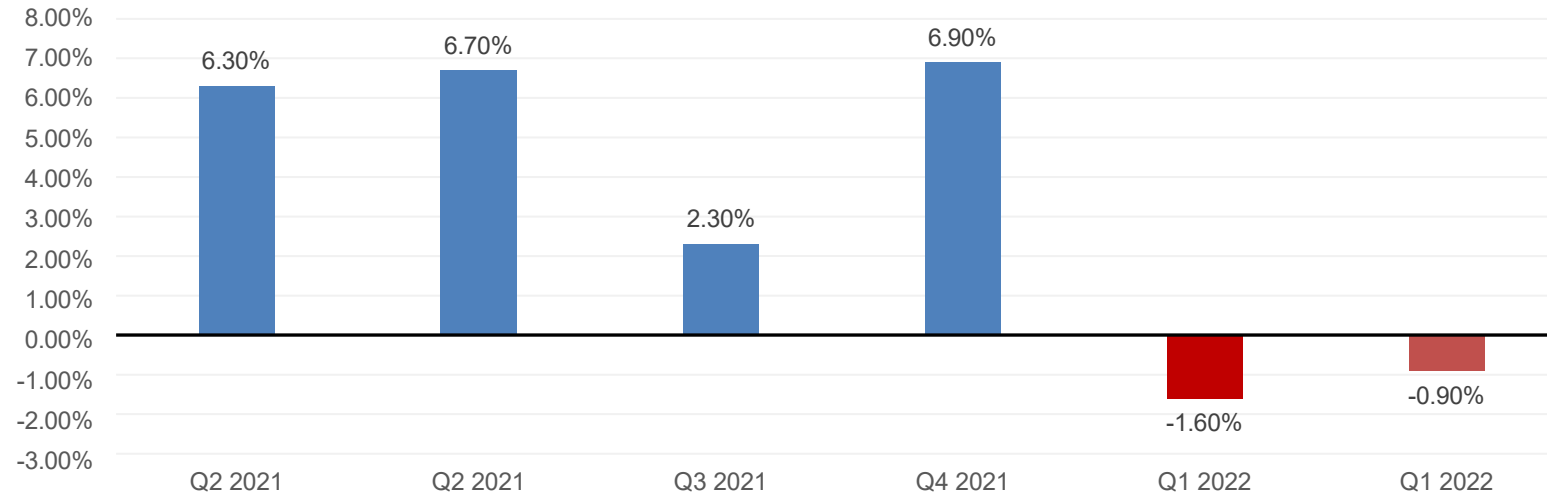
Existing Home Sales



Source: Bloomberg, as of June 2022.

## Uncertainty Grows Around Economic Outlook

### U.S. Real GDP



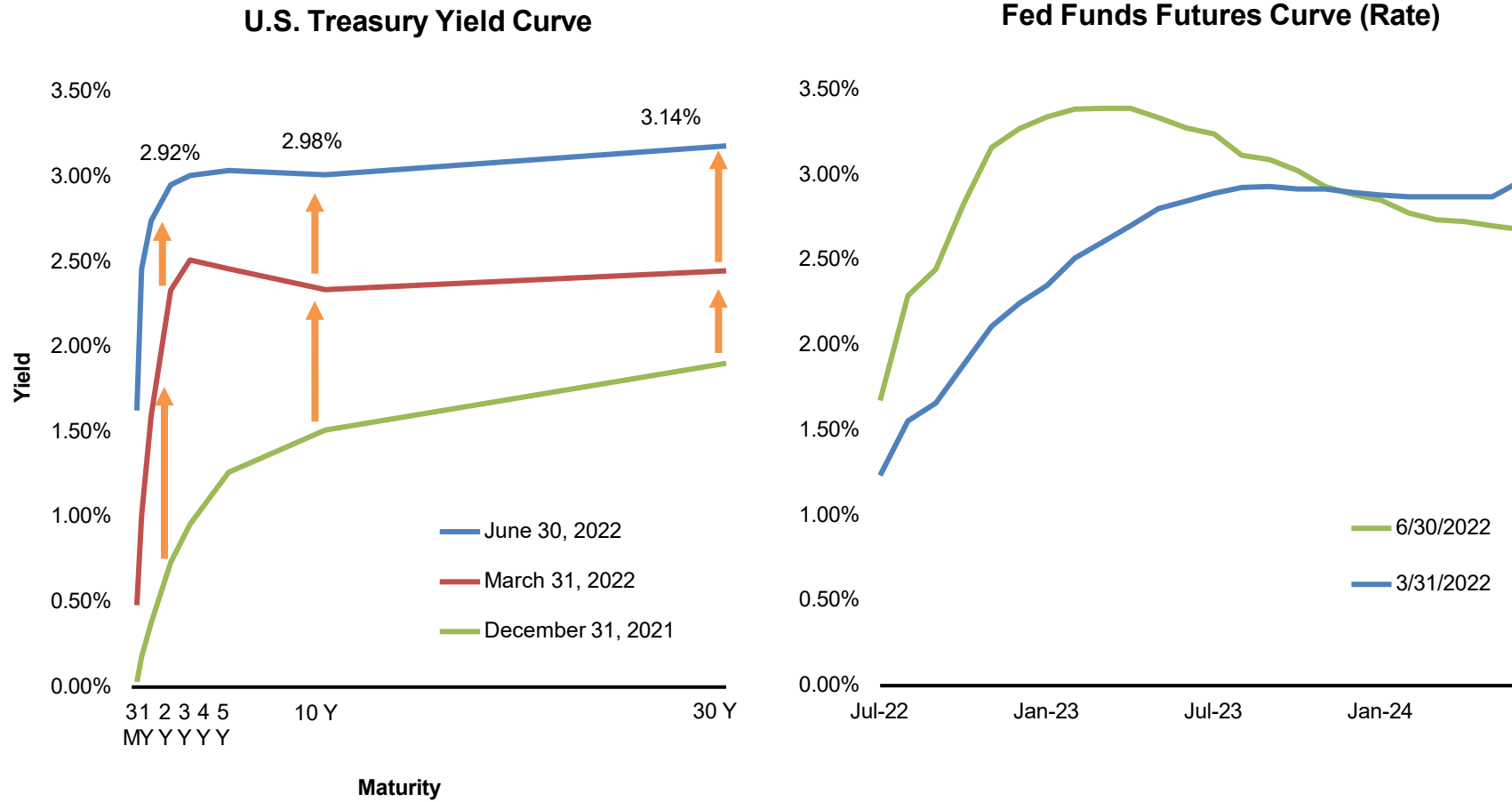
### GDP Contributors

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022*
<b>U.S. Real GDP</b>	<b>6.30%</b>	<b>6.70%</b>	<b>2.30%</b>	<b>6.90%</b>	<b>-1.60%</b>	<b>-0.90%</b>
<i>Personal Consumption</i>	7.40%	7.90%	1.40%	1.80%	1.20%	0.70%
<i>Fixed Investment</i>	2.30%	0.60%	-0.20%	0.50%	1.30%	-0.70%
<i>Private Inventories</i>	-2.60%	-1.30%	2.20%	5.30%	-0.40%	-2.00%
<i>Net Exports</i>	-1.60%	-0.20%	-1.30%	-0.20%	-3.20%	1.40%
<i>Gov't Expenditures</i>	0.80%	-0.40%	0.20%	-0.50%	-0.50%	-0.30%

Source: Bloomberg, as of July 28, 2022.

\*Advance number subject to substantial revision.

### Treasury Yields Move Higher Across the Curve; Future Expectations Changed Over the Quarter

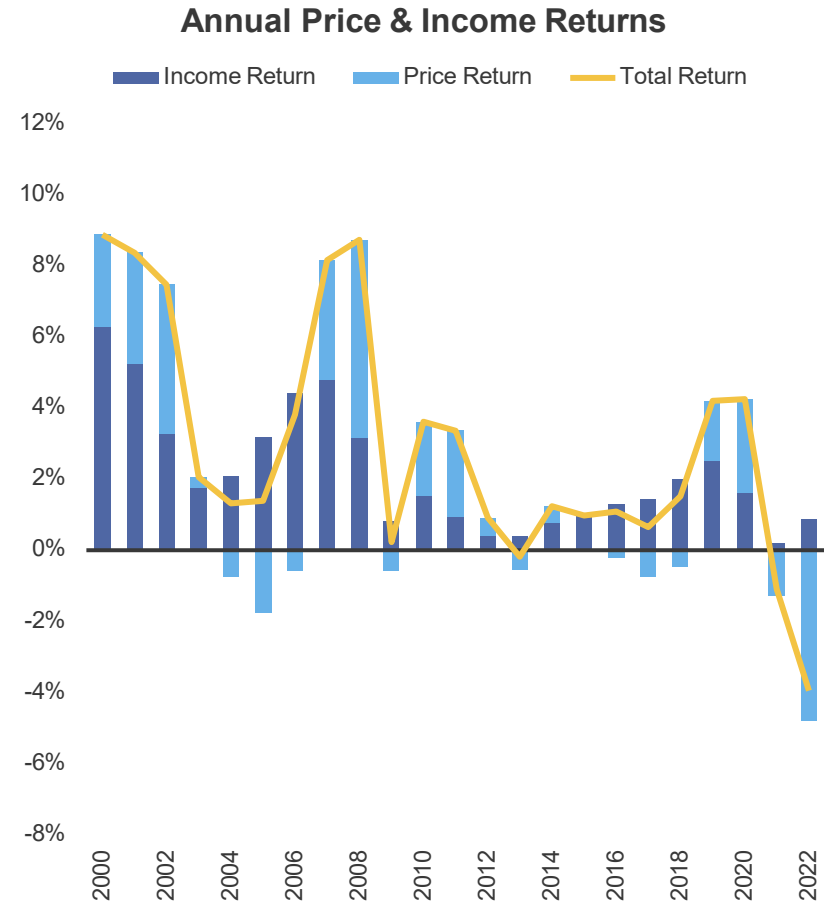
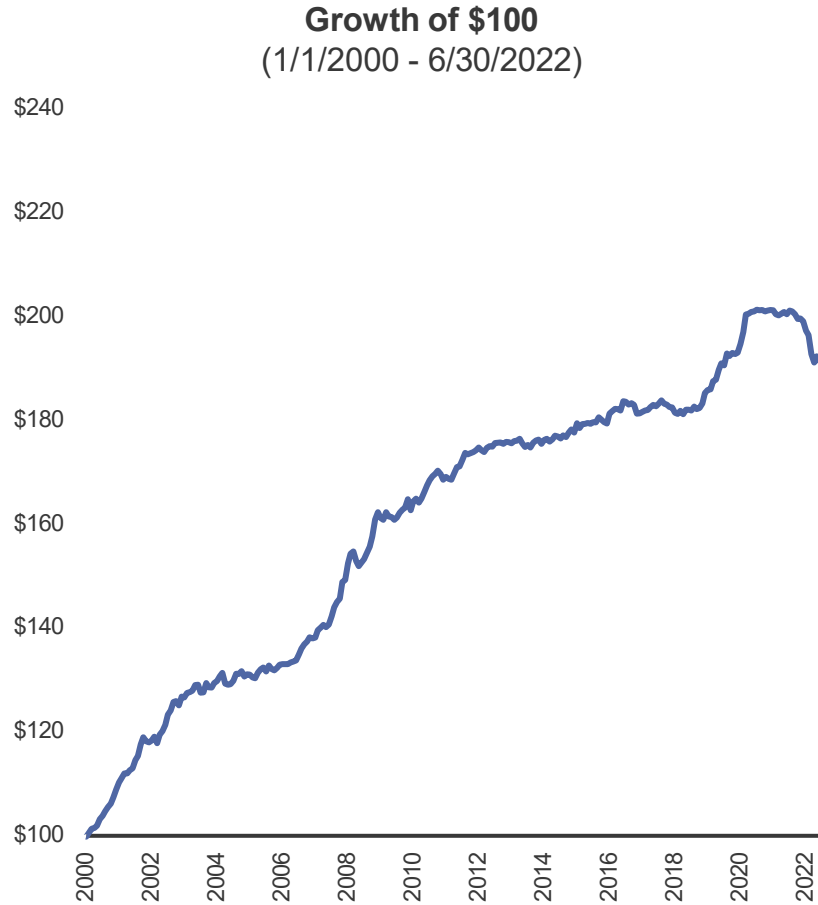


Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.



## Surging Yields Give Back Pandemic Gains

### ICE BofAML 1-5 Year Treasury Index



Source: ICE BofAML Indices via Bloomberg, as of 6/30/2022; PFMAM calculations. 2022 Price, income, and total return is YTD as of 6/30/2022.

**Combined Portfolio – Composition: By Fund**

<b>Fund</b>	<b>March 31, 2022</b>	<b>June 30, 2022</b>
General Fund	\$85,034,145	\$78,205,403
State Water Contract Fund	\$423,014,371	\$456,495,239
Devils Canyon/Castaic Fund	\$4,596,612	\$4,600,234
<b>Total</b>	<b>\$512,645,128</b>	<b>\$539,300,876</b>

### Combined Portfolio - Sector Allocations

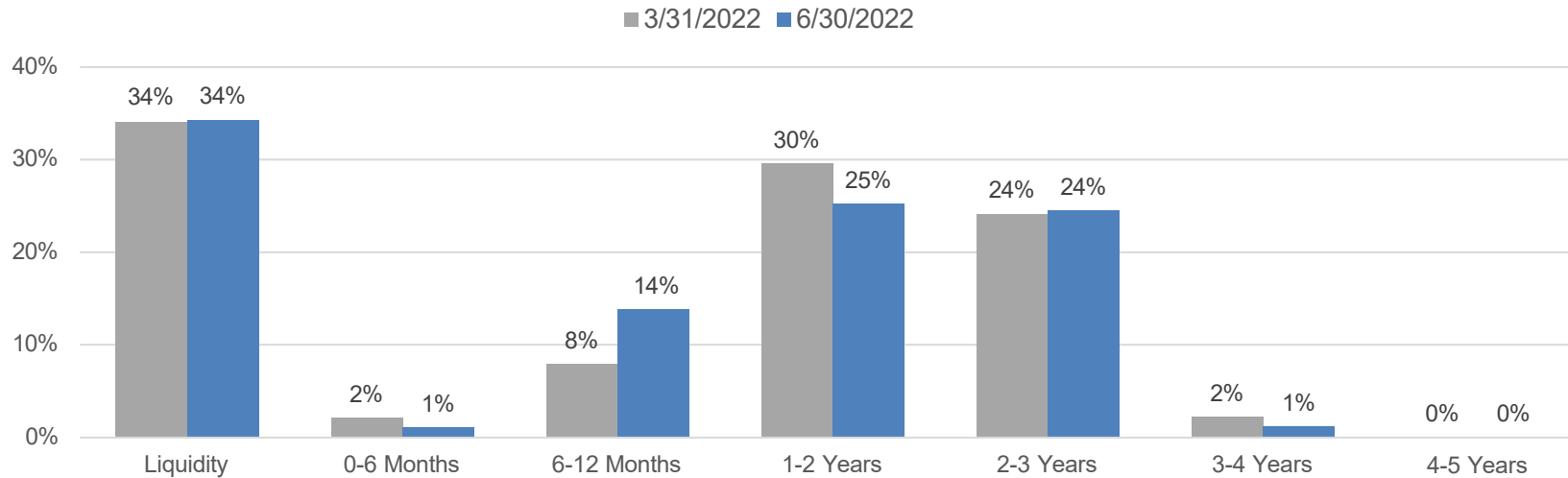
Security Type	Market Value as of December 31, 2021	% of Portfolio	Market Value as of June 30, 2022	% of Portfolio	Change vs. 3/31/22	Sector Limits *
U.S. Treasury	\$196,200,179	38.3%	\$194,486,189	36.1%	-2.2%	100%
Federal Agency	\$67,692,077	13.2%	\$66,621,855	12.4%	-0.9%	100%
Municipal	\$10,944,605	2.1%	\$10,878,542	2.0%	-0.1%	30%
Negotiable CDs	\$6,363,707	1.2%	\$3,886,973	0.7%	-0.5%	30%
Corporate Notes	\$75,654,033	14.8%	\$78,344,748	14.5%	-0.2%	30%
<b>Securities Sub-Total</b>	<b>\$356,854,600</b>	<b>69.7%</b>	<b>\$354,218,308</b>	<b>65.8%</b>		
Accrued Interest	\$674,244		\$716,044			
<b>Securities Total</b>	<b>\$357,528,845</b>		<b>\$354,934,353</b>			
LAIF	\$74,575,729	14.6%	\$74,634,496	13.9%	-0.7%	\$75 Million
Money Market Fund	\$171,281	0.0%	\$683,735	0.1%	0.1%	20%
CAMP	\$80,369,273	15.7%	\$109,048,292	20.2%	4.5%	50%
<b>Total Liquidity</b>	<b>\$155,116,283</b>	<b>30.3%</b>	<b>\$184,366,524</b>	<b>34.2%</b>		
<b>Total Investments</b>	<b>\$512,645,128</b>	<b>100.0%</b>	<b>\$539,300,876</b>	<b>100.0%</b>		

Market values as of period end.

\*Sector Limits as derived from our interpretation of your most recent Investment Policy as provided.

### Combined Portfolio - Maturity Distribution

- The District maintains ample liquidity in the LAIF/CAMP.
- For the managed portfolio, we continue to emphasize maturities in the 1-3 year maturity range, consistent with the portfolio's benchmark.



Weighted Average Maturity (Years)	March 31, 2022	June 30, 2022
Overall	1.2	1.1
Managed Portfolio	1.8	1.7

### Managed Portfolios Total Return Performance

- Total return expresses annualized rate of return over a specified period and incorporates all changes in value in the portfolio, including market value changes, cash flows, and interest earned plus realized gains/losses.
- Interest rates ended the quarter sharply higher, as a result market values fell resulting in negative total returns. Interest rates increased at a faster pace in the past six months than they have anytime in the past forty years.

Periods Ending June 30, 2022					
			Annualized		
BofAML Indices	Duration (years)	Quarter	Past 12 Months	Past 4 Years	Since Inception
State Water Contract Fund	1.71	-0.52%	-3.18%	1.36%	1.08%
General Fund	1.41	-0.53%	-3.07%	1.40%	1.11%
ICE BofAML 1 Year UST Index (GC03)	0.90	-0.48%	-1.44%	1.14%	0.73%
ICE BofAML 1-3 Year UST Index (G1O2)	1.78	-0.50%	-3.30%	1.15%	0.78%
ICE BofAML 1-5 Year UST Index (GVQ0)	2.52	-0.81%	-3.95%	1.23%	0.89%

ICE BofAML Indices provided by Bloomberg Financial Markets.

The District's portfolios are not managed on a total return basis, so the indices are shown for information only. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

Periods less than one year are on an unannualized basis. Periods greater than one year are on an annualized basis.

Portfolio inception date as of June 30, 2012

### Combined Portfolio - Market Value and Accrual Basis Earnings

<b>Market Value Earnings</b>	<b>3 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
Interest Earned <sup>2</sup>	\$775,247	\$3,292,155	\$16,320,473	\$28,753,286	\$41,945,555
Change in Market Value	(\$2,637,756)	(\$15,184,479)	(\$11,693,407)	(\$9,439,526)	(\$11,534,284)
<b>Total Dollar Return</b>	<b>(\$1,862,509)</b>	<b>(\$11,892,324)</b>	<b>\$4,627,066</b>	<b>\$19,313,760</b>	<b>\$30,411,271</b>

<b>Accrual Basis Earnings</b>	<b>3 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
Interest Earned <sup>2</sup>	\$775,247	\$3,292,155	\$16,320,473	\$28,753,286	\$41,945,555
Realized Gains / (Losses) <sup>3</sup>	(\$161,149)	\$677,809	\$4,953,891	\$3,856,430	\$3,940,015
Change in Amortized Cost	(\$93,323)	(\$448,280)	(\$429,041)	(\$430,891)	(\$2,533,345)
<b>Total Earnings</b>	<b>\$520,775</b>	<b>\$3,521,684</b>	<b>\$20,845,323</b>	<b>\$32,178,825</b>	<b>\$43,352,225</b>

1. Performance inception date is June 30, 2012.
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest
3. Realized gains / (losses) are shown on an amortized cost basis

# Director Comments and Discussion

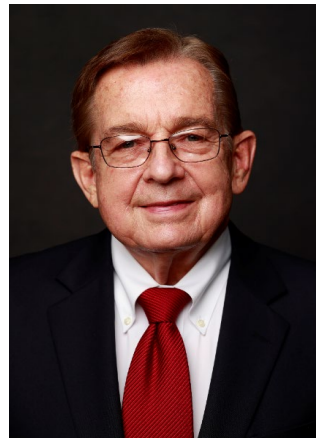
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**Paul Kielhold**  
President



**June Hayes**  
Vice President



**T. Milford  
Harrison**  
Treasurer



**Gil J. Botello**  
Director



**Susan Longville**  
Director

## Staff Recommendation

Receive and file the quarterly portfolio update report from PFM Asset Management.

# Discussion Item 4.2 (Pg. 28)

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**Adekunle Ojo, MPA** – Manager of Water Resources

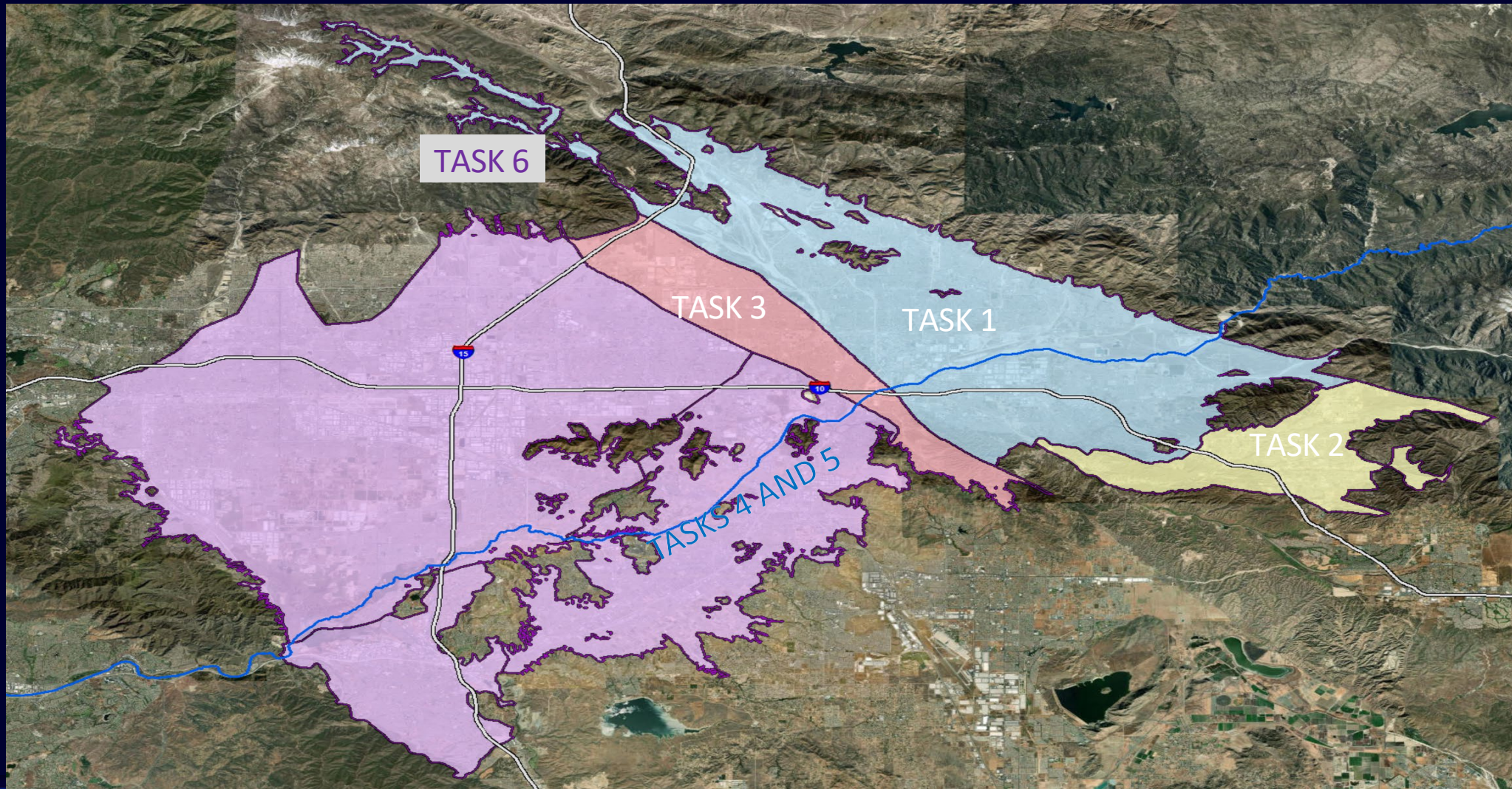
Consider the Fiscal Year 2022-2023 Cooperative Study Program with United States Geological Survey

## **Staff Recommendation**

Staff recommends the Board forward the Fiscal Year 2022-2023 Cooperative Study Program with the United States Geological Survey in the amount of \$543,449 to the next regular meeting of the Board of Directors for consideration.



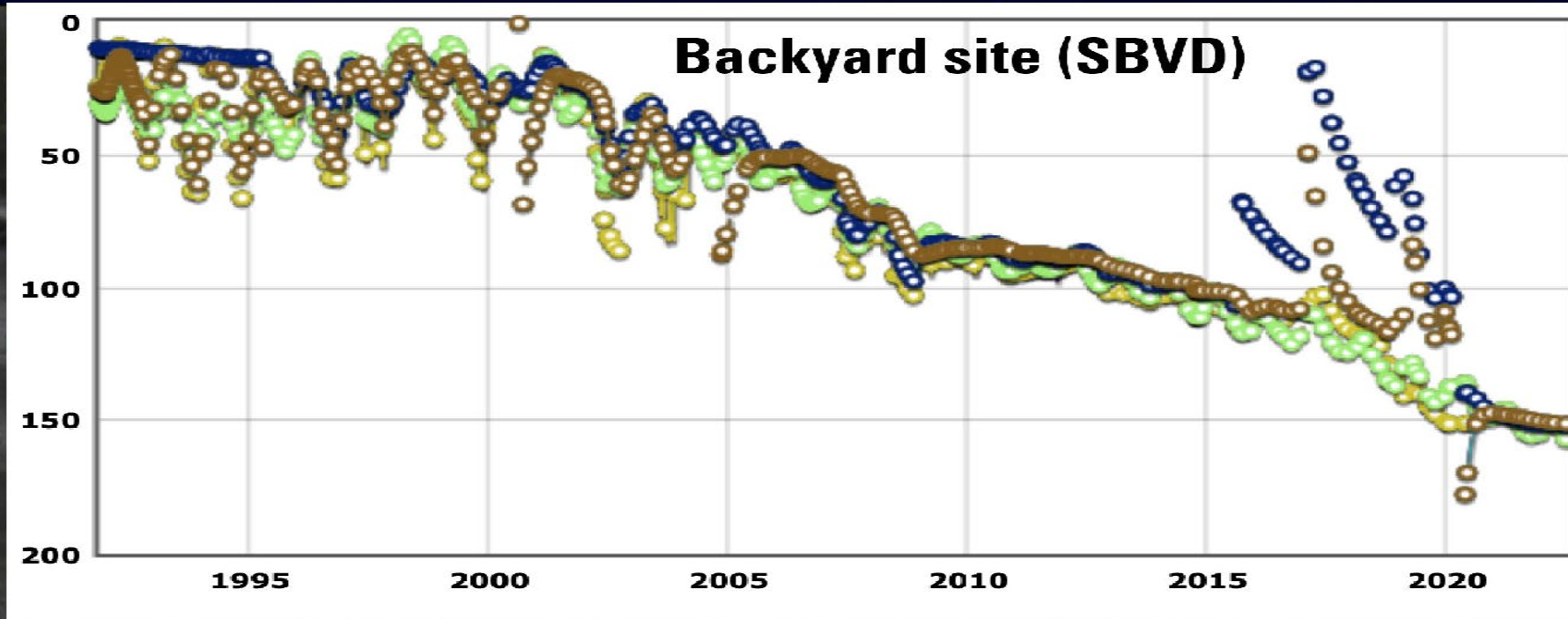
# Six Areas of Focus





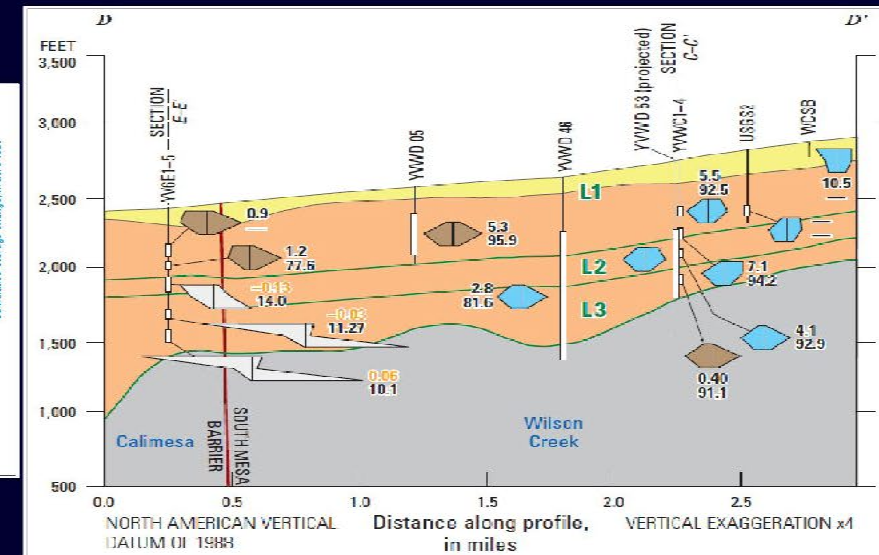
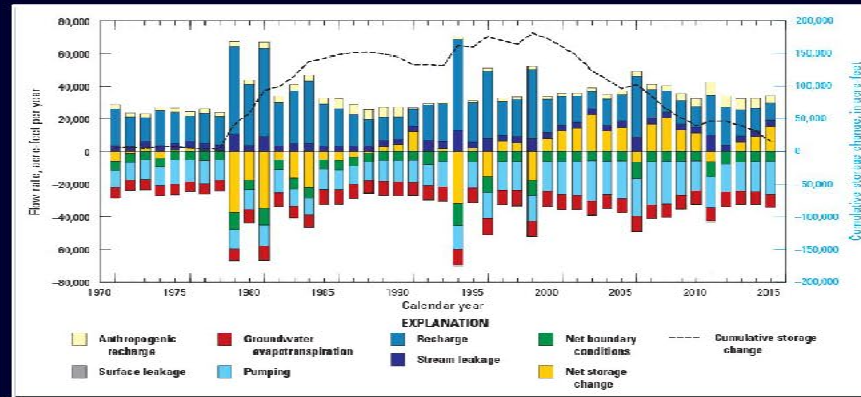
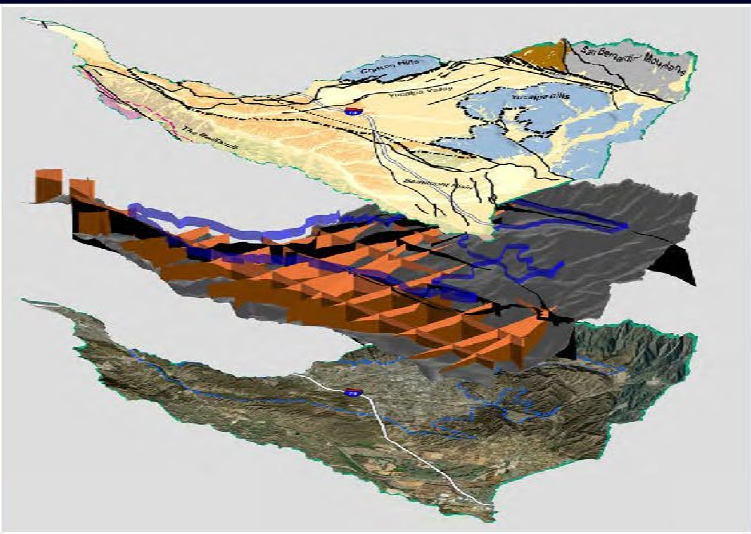
# 1 – Bunker Hill and Lytle Creek Basins

- a. Provide technical outreach
- b. Rehabilitate USGS monitoring-well sites
- c. Followup on prior rehabilitation of USGS well sites



## 2 – Yucaipa Basin

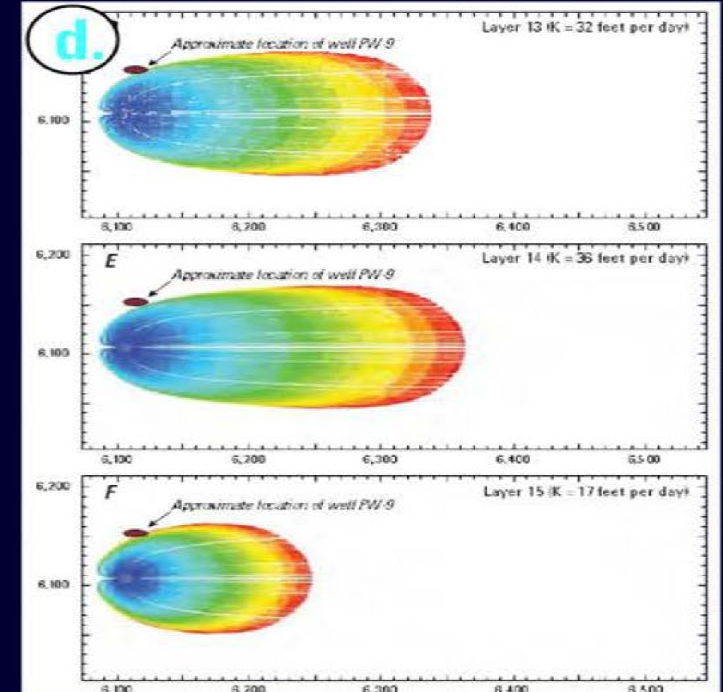
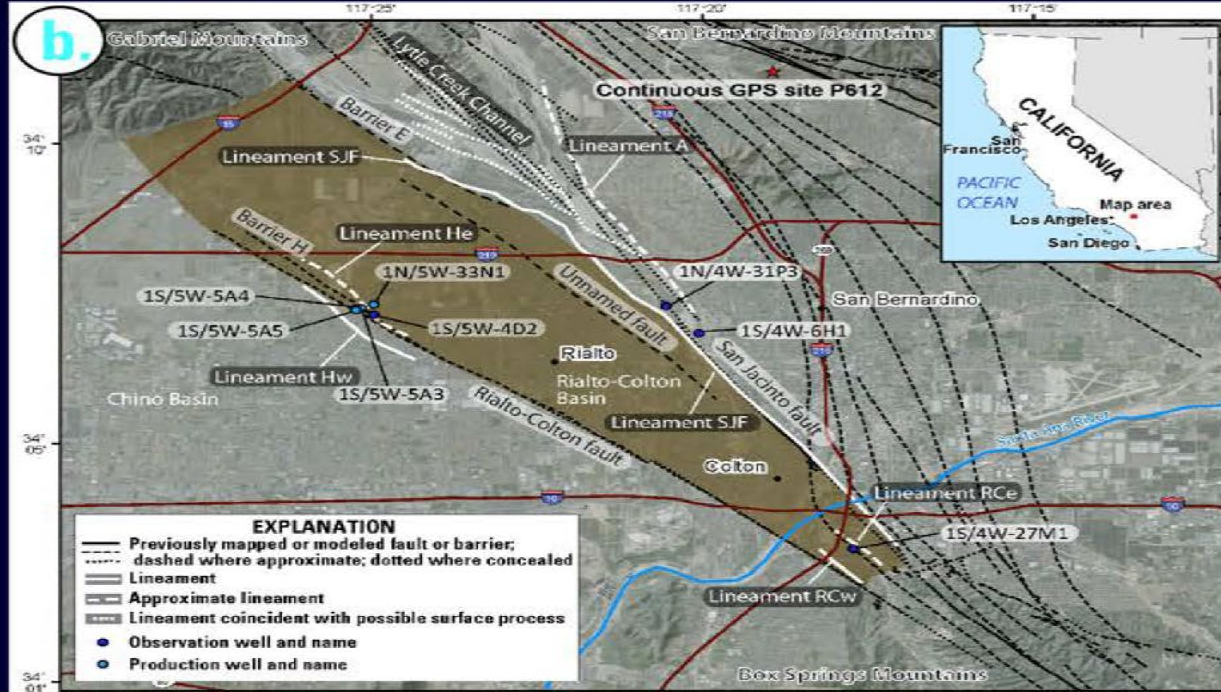
- Provide technical outreach
- Document hydrologic model, run scenarios, and evaluate recharge
- Evaluate groundwater recharge using nitrate, stable isotopes, and age
- Install and monitor climate stations





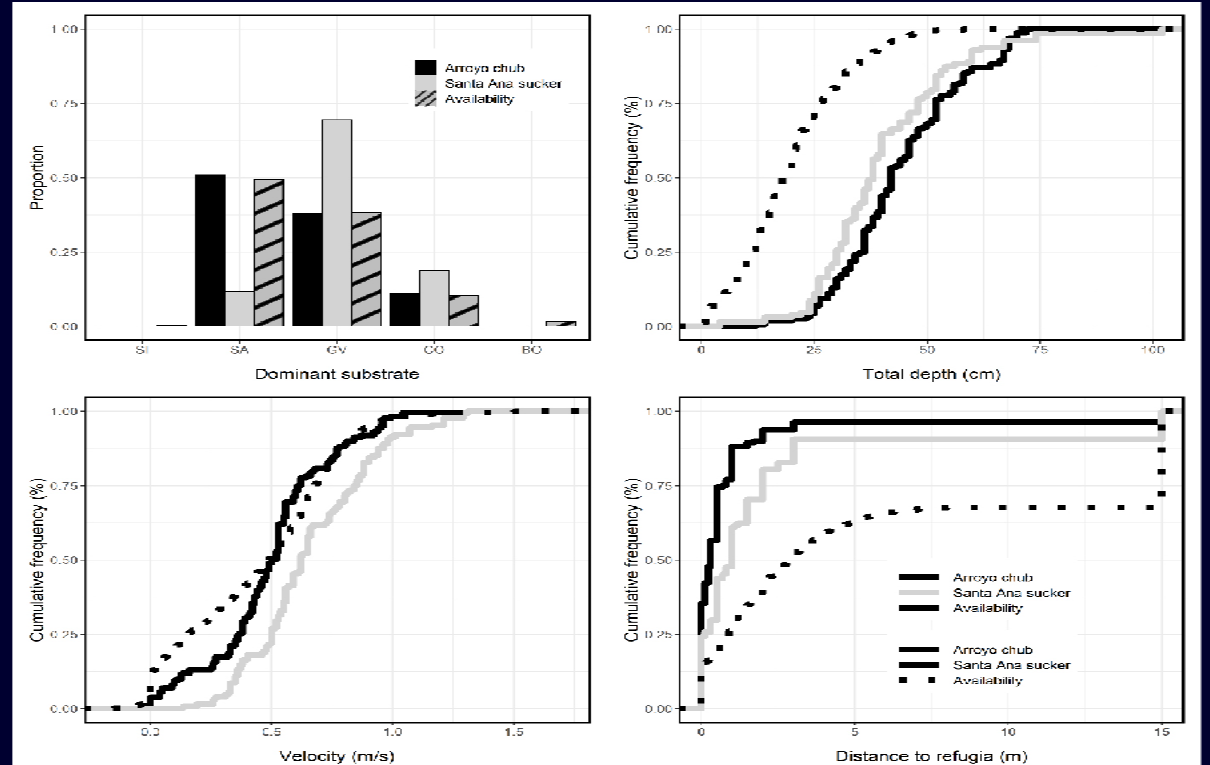
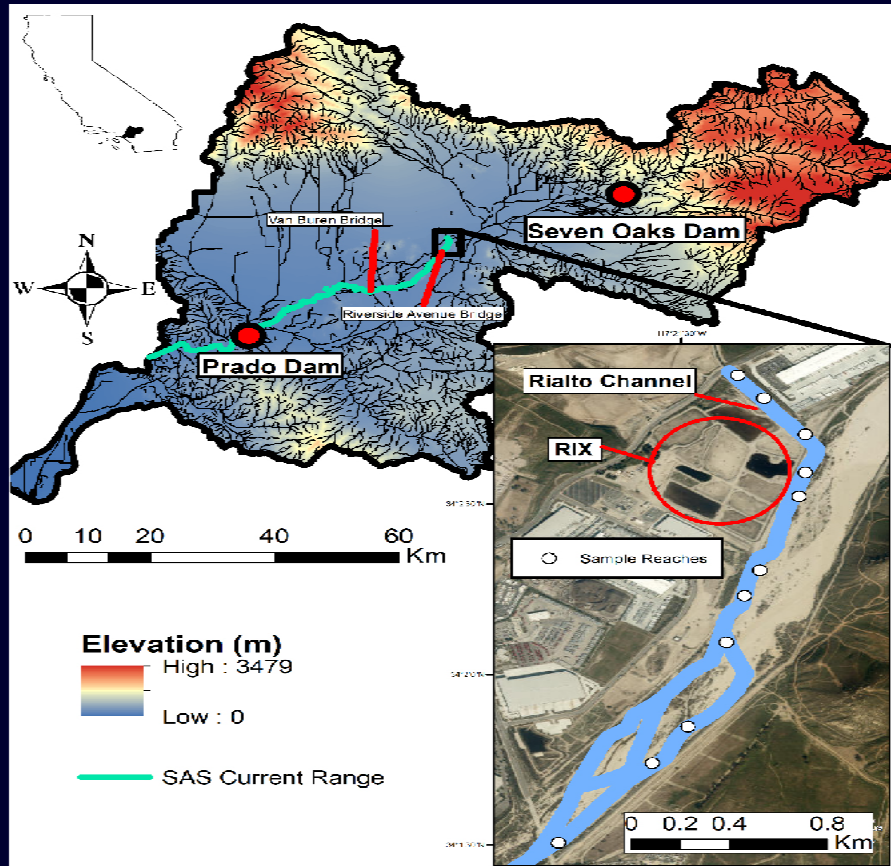
### 3 – Rialto–Colton Basin

- a. Provide technical outreach
- b. Document InSAR analysis
- c. Document model of flow across Rialto-Colton fault
- d. Document model of wellbore flow in Rialto #6 well



# 4 – Santa Ana River

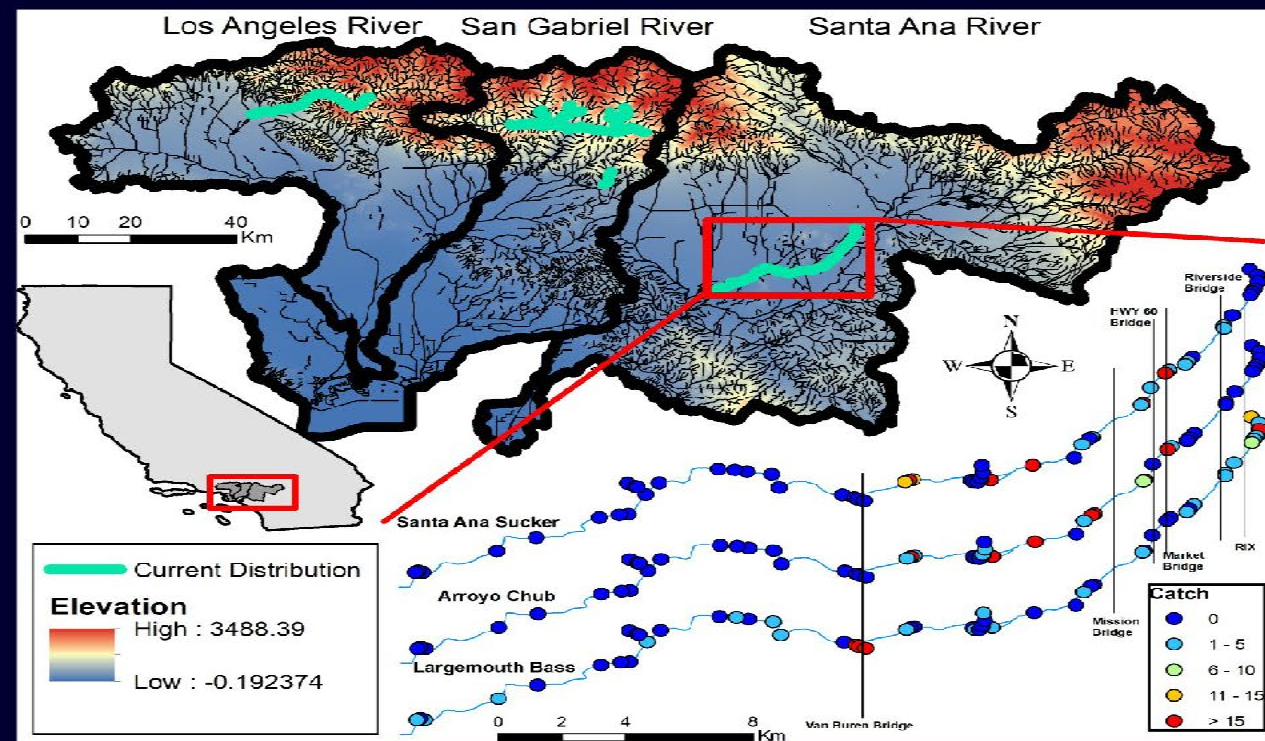
## a. Document effect of wastewater discharges on river habitat





## 5 – Fish studies

- Develop population estimate for native and non-native fish species
- Compile fish surveys to describe population dynamics
- Develop a population viability analysis for native fishes





## 6 – Upper Santa Ana River Integrated Model

a. Provide technical support

b. Prepare journal article on the geology of the Upper Santa Ana Basin



### Upper Santa Ana River Integrated Water Quality Model

Technical Memorandum No. 3:  
Water Quality Model Calibration

Prepared for: San Bernardino Valley  
Municipal Water District

July 29, 2022



GEO SCIENCE

Geospatial Support Services, Inc. | P | (909) 451-8800 | F | (909) 451-8800  
100 Via Verde, Suite 100, San Diego, CA 92119 | Walnut, P.O. Box 220, Chatham, CA 92011

www.geosupport.com

# Publications

- **Yucaipa Basin** - Two Scientific Investigations Reports (SIRs), data release, and model archive
  - Geology and Hydrogeology - <https://pubs.er.usgs.gov/publication/sir20215118>
  - Hydrology and numerical model - <https://pubs.er.usgs.gov/publication/sir20215129>
  - Hydrogeologic data release - <https://www.sciencebase.gov/catalog/item/5ba2db56e4b08583a5c61a42>
  - Numerical model archive - <https://water.usgs.gov/GIS/metadata/usgswrd/XML/sir2021-5118.xml>
- **Rialto-Colton** – One Open-file report and an accepted journal article
  - InSAR analysis - <https://pubs.er.usgs.gov/publication/ofr20221030>
  - Simulated flow across Rialto-Colton fault – accepted at Hydrogeology Journal
- **Santa Ana River and Fish studies** – One journal article published another submitted for review
  - Santa Ana River – approved by USGS for publication
  - Fish population estimate - <https://cdnsiencepub.com/doi/full/10.1139/cjfas-2021-0210>



## FY 2022-23

- The changes in cost reflect tasks completion
- Focus on optimal water management and climate variability
- Ensure accuracy and credibility of water levels and water quality data

Basin and Task	FY 21-22 SBVMWD Cost	FY 22-23 SBVMWD Cost	Change
1. Bunker Hill and Lytle Creek	\$55,575	\$42,846	-\$12,729
2. Yucaipa	\$256,419	\$193,174	-\$63,245
3. Rialto-Colton	\$19,037	\$14,079	-\$4,958
4. Santa Ana River	\$25,540	\$0	-\$25,540
5. Santa Ana River Native Fish Study	\$185,320	\$166,570	-\$18,750
6. Upper Santa Ana River Integrated Model	\$19,109	\$34,213	+\$15,104
<b>TOTAL</b>	<b>\$561,001</b>	<b>\$450,882</b>	<b>-\$110,119</b>
<b>% of Total Cost</b>	<b>83.45%</b>	<b>82.96%</b>	

USGS	FY 21-22 Cost Share	FY 22-23 Cost Share	Change
Total Cost Share	\$111,259	\$92,567	-\$12,729
<b>Total Cost (SBVMWD+USGS)</b>	<b>\$672,260</b>	<b>\$543,449</b>	<b>-\$128,811</b>
<b>% of Total Cost</b>	<b>16.55%</b>	<b>17.03%</b>	

# Director Comments and Discussion

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**Paul Kielhold**  
President



**June Hayes**  
Vice President



**T. Milford  
Harrison**  
Treasurer



**Gil J. Botello**  
Director



**Susan Longville**  
Director

## Staff Recommendation

Staff recommends the Board forward the Fiscal Year 2022-2023 Cooperative Study Program with the United States Geological Survey in the amount of \$543,449 to the next regular meeting of the Board of Directors for consideration.

# Discussion Item 4.3 (Pg. 41)

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**Heather Dyer, MS, MBA** – Chief Executive Officer/General Manager  
**Kristeen Farlow, MPA** – Strategic Communications Manager

Discuss Strategic Communications and Engagement Plan:  
Branding & Logo

## **Staff Recommendation**

The Board of Directors is asked to participate in this workshop and provide input on the branding and logo elements in order to finalize the District brand.

# BRAND REVIVE

BOARD WORKSHOP



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

# Process

1. Brand Characteristics
2. Voice & Tone
3. Mood Boards & Visual Identity
4. Logo
5. Common Name + Tagline
6. Style Guide & Brand Assets



## **COLLABORATIVE.**

Dedicated to work inclusively.



Problem-solvers  
Equitable  
Fair  
Sustainable



## **TRUSTWORTHY.**

Committed to earn respect.



Honest  
Scientific  
Dependable  
Reliable



## **INNOVATIVE.**

Proactive and effective problem-solvers.



Pioneering  
Transformative  
Imaginative  
Progressive  
Optimistic



## **DRIVEN.**

Passionate and empowered leaders.



Accomplished  
Leader  
Visionary  
Fearless  
Bold

**SOCIAL  
MEDIA**

**PRESS  
RELEASES**

**WEBSITE**

**LOGO**

**BROCHURE**

**PRESENTATIONS**

**FONTS**

**SURVEYS**

**DIRECT  
MAIL**

# **BRAND EXPERIENCE**

**COLORS**

**SIGNAGE**

**PHOTOS**

**EVENTS**

**TAGLINE**

**ICONS**

**NEWSLETTERS**

**CUSTOMER  
SERVICE**

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# Logo & Mood Boards

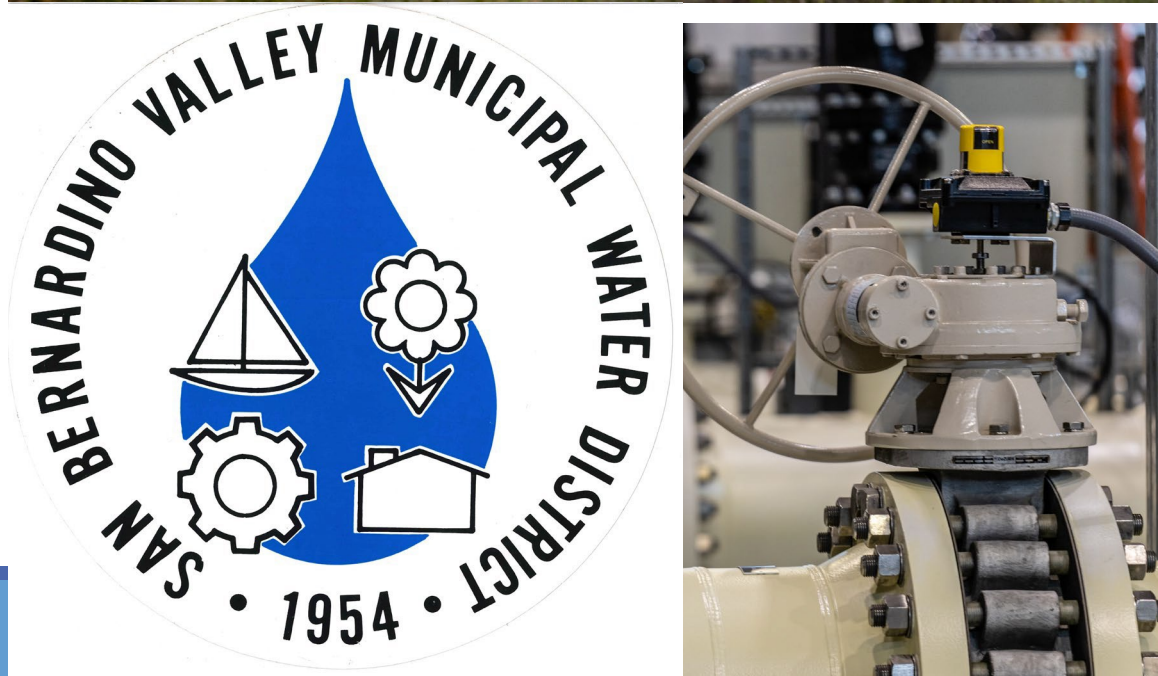
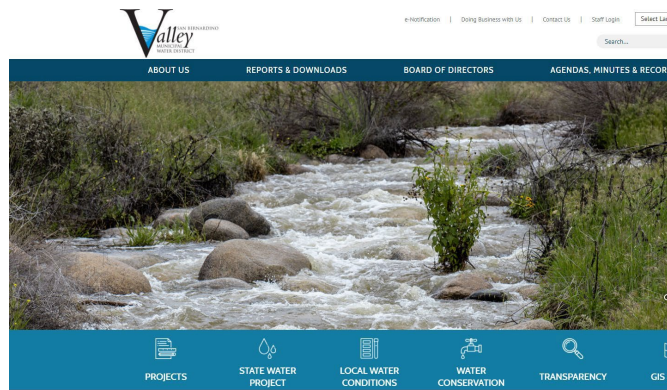


# What makes a good logo?

“A good logo is **distinctive, appropriate, practical, graphic and simple in form.**”



- Simple
- Memorable
- Timeless
- Versatile
- Appropriate



---

# Option # 1



# Valley

collaborative  
trustworthy  
reliable



“We work collaboratively to provide a reliable and sustainable water supply to support the changing needs of our region’s people and environment.”

*Heather Dyer*



01

We work collaboratively to provide a reliable and sustainable water supply to support the changing needs.

02

We work collaboratively to provide a reliable and sustainable water supply to support the changing needs.

Holistically optimize  
value to the region.

LOGO // OPTION 1





**APPLY FOR**  
*rebates*  
**TODAY!**

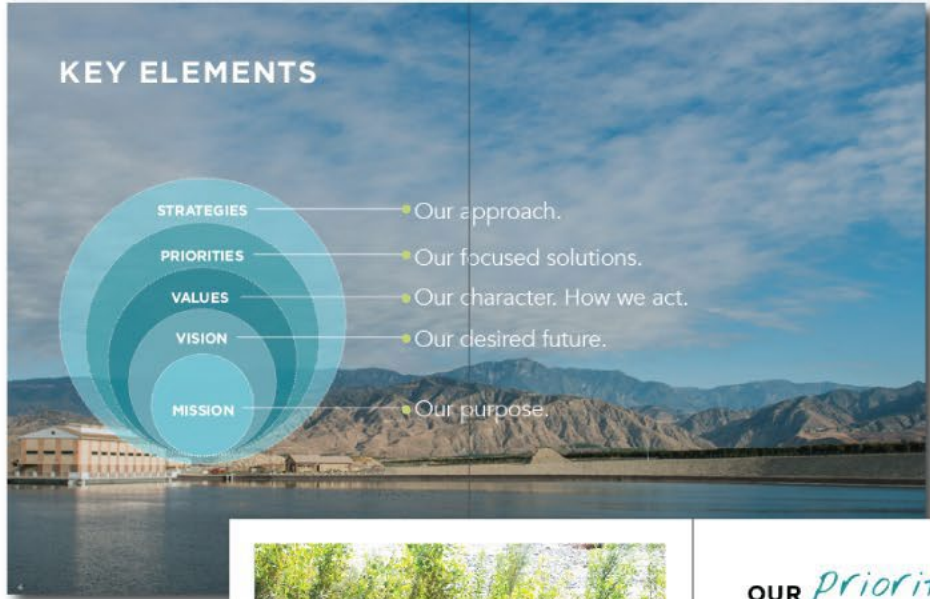


**VALLEY DISTRICT**



### KEY ELEMENTS

- STRATEGIES** — Our approach.
- PRIORITIES** — Our focused solutions.
- VALUES** — Our character. How we act.
- VISION** — Our desired future.
- MISSION** — Our purpose.





**VALLEY DISTRICT**

**VALLEY DISTRICT**



**EST. 1954**



**OUR *priorities* ARE TO DELIVER SOLUTIONS THAT ARE...**

- RESILIENT.** Resilient to seismic conditions, drought, population growth and climate change.
- RESTORATIVE.** Reduce carbon footprint and recover environmental health.
- SCIENCE BASED.** Built from reliable regional data shared among all partners.
- COST-EFFECTIVE.** Optimize operational efficiency and maximize benefits from ratepayer investments.
- INTEGRATED.** Holistically optimize value to the region.

**PRIORITIES**

MISSION  
VISION  
VALUES  
PRIORITIES  
STRATEGIES





## Regional Water Provider Invests in Resilient Water Supply with Recent Land Purchase



*Property formerly slated for development now envisioned for multiple beneficial uses including water supply infrastructure, rare habitat conservation, and educational open space.*

**READ MORE**

LET'S SAVE TOGETHER

#WATERCONSERVATION



**VALLEY  
DISTRICT**



**VALLEY DISTRICT**



**Conservation**



**Infrastructure**



**Water Quality**

---

# Option #2





01

02

03

# Delivering the Future



“We work collaboratively to provide a reliable and sustainable water supply to support the changing needs of our region’s people and environment.”

*Adekunle Ojo*




**imaginative**  
**pioneering**  
**innovative**  
**transformative**



**APPLY FOR  
REBATES  
TODAY!**




**KEY ELEMENTS**



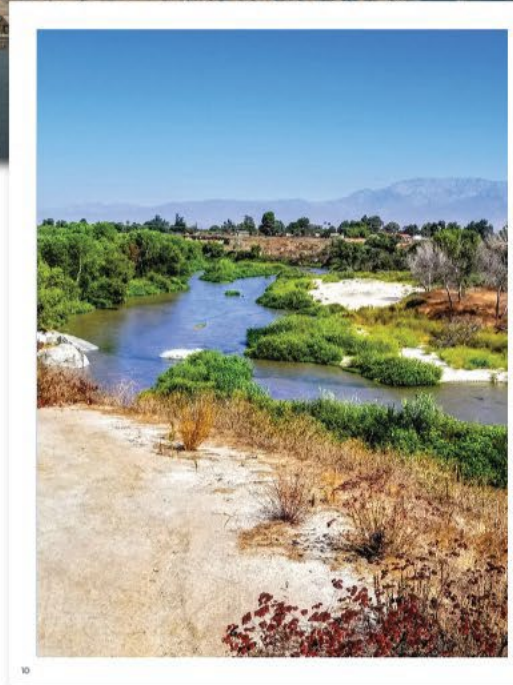
- STRATEGIES — Our approach.
- PRIORITIES — Our focused solutions.
- VALUES — Our character. How we act.
- VISION — Our desired future.
- MISSION — Our purpose.



**VALLEY  
DISTRICT**



**VALLEY  
DISTRICT**



MISSION  
VISION  
VALUES  
PRIORITIES  
STRATEGIES

**OUR *vision* FOR  
THE FUTURE IS A...**

**Diverse, Equitable, and  
Resilient** Water Supply and  
Healthy Watershed for  
Future Generations.

**VISION**





# Regional Water Provider Invests in Resilient Water Supply with Recent Land Purchase

*Property formerly slated for development now envisioned for multiple beneficial uses including water supply infrastructure, rare habitat conservation, and educational open space.*



[READ MORE](#)



Collaboration  
Strategy  
Trustworthy



## VALLEY DISTRICT **BENEFITS**



## Next Steps

1. Decide which mood option best reflects our work, culture, and presence within our industry.
2. Decide which logo we believe best reflects our future.
3. Decide if we want to use “Valley District” as our common name.
4. Consider potential tag lines that could be added.



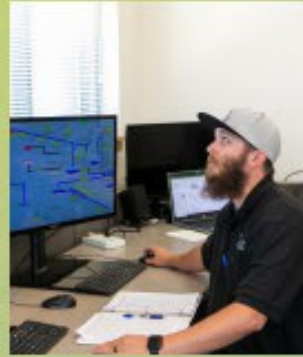
# Valley

collaborative  
trustworthy  
reliable



“We work collaboratively to provide a reliable and sustainable water supply to support the changing needs of our region’s people and environment.”

*Heather Dyer*



01

We work collaboratively to provide a reliable and sustainable water supply to support the changing needs.

02

We work collaboratively to provide a reliable and sustainable water supply to support the changing needs.

Holistically optimize  
value to the region.



01

02

03

# Delivering the Future



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*Adekunle Ojo*



**imaginative**  
**pioneering**  
**innovative**  
**transformative**





**VALLEY**  
DISTRICT



**VALLEY**  
DISTRICT





# Director Comments and Discussion

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**Paul Kielhold**  
President



**June Hayes**  
Vice President



**T. Milford  
Harrison**  
Treasurer



**Gil J. Botello**  
Director



**Susan Longville**  
Director

## Staff Recommendation

The Board of Directors is asked to participate in this workshop and provide input on the branding and logo elements in order to finalize the District brand.

# Future Business

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# Adjournment

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