



June 7, 2019

Mr John Lenahan - Board President
Ms Marissa Burt - Board Member
Del Paso Manor Water District
1817 Maryal Drive, Suite 300
Sacramento, CA 95864

Subject: Proposal - Interim General Manager of the Water District

Dear Mr Lenahan and Ms Burt,

It was a pleasure meeting with both of you this morning. Municipal Consulting Group (MCG) is excited to offer our services to work with the Board of Directors to assist the District meet or exceed your customers' expectations during this time of transition. Derrick Whitehead, Owner of MCG has over three decades of water utility experience, 18 of those years at the helm of a very progressive and cost-effective water purveyor in Sacramento Region.

Based on my discussion, the Transition Team has been tasked to find an interim General Manager to work with the Board to accomplish several things.

- First, conduct an overview of the District and identify those activities that must be accomplished to ensure the District stays in compliance with their operating permit(s).
- Second, work with the Board, through the committee structure to address current priority issues like formalizing Fiscal Year 2020 budget; reviewing draft policy and procedures manuals currently being prepared; identify potential efficiency measures the District could implement to provide the same or greater level of service for the same cost; maintain a high level of operational transparency through implementing the Board's communication strategy; work with Sacramento Suburban Water District through contractual vehicles to maximize the use of District resources (ex. assist with General Accounting); and develop a comprehensive list of Board initiatives to help the Board accomplish their vision for the District.
- Third, review the existing staffing structure and make suggestions on possible changes in anticipation of replacing positions that were recently vacated.
- Fourth, handle the daily District activities. Provide some type of staff coverage for the District office (example of hours might be 10am to 2pm).
- Fifth, review historical records and identify what should be archived and what can be disposed of and review the need for two office locations.

The following sections will explain in more detail my thought process for each, recognizing that the approach is Board led, General Manager Implemented.

First, conduct an overview of the District and identify those activities that must be accomplished to ensure the District stays in compliance with their operating permit(s).



A quick list of monthly reporting requirements will be developed to ensure that the District continues to meet those operating requirements. This list will be shared with the Board and should be included in the District's Operating Procedures Manual upon completion.

I would like to hold a Board Workshop after I've completed the Overview to identify any overlooked issues; and, to make sure that we have a documented the "long-term" vision for the District which will then become the future roadmap for the District.

Second, work with the Board, through the committee structure to address current priority issues. For example, does the current Budget Structure work for the Board? Does it communicate to District Customers what services are being provided for the monthly fee they pay? I would hope that each Committee could identify a least one "hot button" that needs to be addressed. Based on preliminary discussions with the Transition Committee, much of this work has been completed over the last 6-months but needs to be put into a format that helps the District move forward.

Third, review the existing staffing structure and make suggestions on possible changes in anticipation of replacing positions that were recently vacated. Staff members of a small district need to be able to function in multiple roles of the operation. For example, a distribution system operator may also have to staff the front counter, answer district questions in the field and help with Board meetings. Larger organizations can be less diversified in their staffing decisions. Recruitment for a new General Manager is underway and the interim GM may be called upon to assist the Board in that process as well as recruitment for other essential positions.

Fourth, handle the daily District activities. Provide some type of staff coverage for the District office (example of hours might be 10am to 2pm). This element may be the lowest priority, but most important thing to accomplish. Getting the doors back open and show the customer base that the District is open for business will relieve their concerns. Based on our discussion today, office hours could be shortened to four-hours a day, but service calls would continue as currently scheduled. Part of getting the District Office back open would provide an opportunity to review relevant operating information, meet with customers and provide some time to get to know the District as a whole.

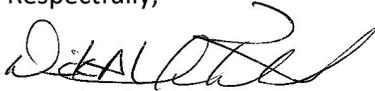
Fifth, Evaluate the need for two offices, and review historical records and identify what should be archived and what can be disposed of. Part of taking a high-level look at an operation is the anticipation of what will be found. Initial reviews have identified some low hanging fruit that when reviewed and addressed may register as early success in reaching the "long-term" goals of the District. Asset identification (both horizontal - pipe networks and well sites / office sites) may result in cost cutting measures that can redirect resources to system maintenance and repair.

Without having the opportunity to dig into actual operation I am somewhat limited in being able to give details at this time. Open communication with the Board Members is critically important and is assumed as part of this proposal.

- Reach a contractual arrangement using the following assumptions.
Basic Assumptions:
 - This would be a 3 to 6-month contract, renewable if so desired by the Board
 - For the term of the contract, assume approximately 20-hours per week; with the understanding that early on it may require more time.
 - MCG may be called upon to provide staffing assistance (ex. admin support, office staffing, etc.)
 - Would be a contractual arrangement between the District and MCG.
 - Hourly rates for staffing will be identified in the contract, but for the Interim GM, the hourly rate discussed is \$115 / hour. Over a 6-month time period, that would be approximately \$60,000 for the Interim GM.
- Meet the remaining members of the Board at a special Board meeting early next week.
- Get the Office back open and start the high-level review of the District Operations.
 - Operating Permit(s) requirements
 - Financial Reporting Requirements
 - Identify “Long-term” Vision for the District
 - And much, much more...

MCG is looking forward to working with you both and meeting the rest of the Board. We believe that we have the expertise to help the District during this time of transition and will endeavor to meet or exceed your expectations.

Respectfully,



Derrick Whitehead, PE
Municipal Consulting Group

Derrick H Whitehead, PE

Owner – Municipal Consulting Group

PROFILE

Mr. Whitehead is an experienced local government professional with over 33 years of experience, including eighteen years as Environmental Utilities Director with the City of Roseville and a year and a half as interim City Engineer for the City of Auburn. Mr. Whitehead holds a bachelor's and master's degree in civil engineering from Brigham Young University, Provo, Utah; and is a registered civil engineer in California. Mr. Whitehead is one of the founding members of Municipal Consulting Group and has used his local government experience to assist both developers and municipalities address a broad range of issues.

MANAGEMENT PROGRAM

Mr. Whitehead is a seasoned local government professional with outstanding leadership and personnel management skills, and with a breadth of experience in municipal government administration. His success demonstrates a strongly committed individual with a positive record of achievement and a history of developing constructive working relationships throughout the region. His approach focuses on building strong relationships, conducting assessments of existing policies and practices; gathering necessary information and accurately identifying areas for improvement or change. Mr. Whitehead has over 30 years of local government experience, including twenty-two years in senior management positions. Specifically, he has significant experience in budget development and administration; strategic planning; policy and procedure development followed by implementation; personnel management; labor relations; and, general government administration. He holds a bachelor's degree and master's degree in civil engineering from Brigham Young University, and is a registered civil engineer in California.

Addressing local, regional, state and federal needs utilizing a pro-active, long-term perspective have been the norm for Mr. Whitehead when providing leadership training at all organizational levels. He also brings a history of collaborated issue-resolution for local and regional matters and has successfully worked with regulatory agencies for compliance and permitting of local facilities; streamlined operational and maintenance activities; secured federal and state funding and played an integral role in regulatory and legislative changes for programs that impact local government and has developed customer friendly public and community outreach and messaging.

DEMONSTRATED INNOVATION

- *Is currently providing City Engineering services for the City of Auburn, managing several capital projects for the City as well as providing input and guidance on Land Development Issues.*
- *Assisted in the formation of 2 Specific Plans evaluating the what the impacts of increasing the water, wastewater and recycled water demands will be on the existing infrastructure, after leaving the City. Participated in evaluating, processing and planning efforts related to utilities for all the Specific Plans currently adopted by the City of Roseville. Prior to leaving the City he participated in the formation of over 6 Specific Plans and the corresponding infrastructure planning and construction.*
- *Developed a regional groundwater model utilized to evaluate the impacts of storing treated drinking water in local aquifers.*
- *Worked directly with the Central Valley Regional Water Quality control board and State Water Resources Control Board to develop a General Order for Aquifers Storage and Recovery adopted by the State Water Resources Control Board in November 2012.*

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- *Managed the implementation of Roseville's Aquifer Storage and Recovery program including permitting, pilot testing, environmental documentation and approvals. The program has banked to date over 1,500 acre-feet of treated drinking water.*
- *Implemented the City of Roseville's award winning meter retrofit program, which received over \$2.5 million dollars in federal funding.*
- *Developed the build-out water supply strategy for the City of Roseville consisting of a diversified portfolio of surface water, groundwater and recycled water.*
- *Planned and implemented the backbone infrastructure (water, sewer and recycled water) for one of the fastest growing communities in California with an estimated asset value of \$1.3 Billion dollars.*
- *Implemented the City of Roseville's infrastructure rehabilitation program consisting of condition assessments, facility replacement programs and developed the approved funding strategy.*
- *Coordinated the formation of the South Placer Wastewater Authority for financing regional wastewater treatment and transmission facilities as well as managed the issuance of \$180 million in municipal bonds.*
- *Developed the reallocation strategy for the South Placer Wastewater Authority resulting in restructuring \$180 million dollars of debt liability between JPA partners.*
- *Partnered in the development of the original "Integrated Regional Water Management Plan" for the Sacramento region.*
- *Secured multi-million dollars in federal and state grants for constructing regional infrastructure and water management projects (system interconnections, groundwater storage projects).*
- *Serve as facilitator for regional water management settlements, planning programs and legislative advocacy.*
- *Certified trainer in "Seven Habits of Highly Effective People", "Focus" and "Four Roles of Leadership".*
- *Partnered with the San Juan Water District and Bureau of Reclamation to achieve redundant water supply facilities on Bureau Facilities.*

Highlights in Financial management

- *Just completing a Water Rate Analysis for the Linda County Water District to support anticipated financing requirements associated with water capital improvement projects.*
- *Completed both the Water and Sewer rates for the City of Colusa to support anticipated financing requirements associated with wastewater capital improvement projects.*
- *Assisted the City of Colusa obtain a grant and low interest funding to expand their wastewater treatment plant to meet new compliance requirements.*
- *Developed water and sewer rates for the City of Roseville. Played an integral part in the development of impact fees for water, sewer and solid waste utilities. Conducted the public outreach and presented rate options to City Council for adoption.*
- *Developed the recycled water capital-funding plan, including the inter-developer reimbursement strategy for the Sierra Vista Specific Plan – City of Roseville.*
- *Developed an economic rate model (water, sewer and solid waste) the City of Roseville used to set rates as well as annual budget monitoring.*
- *Participated in funding strategies for 8 Specific Plans approved by the City of Roseville.*

Highlights in Water and Wastewater Utilities

- *Recently completed the development of two local sewer models which identified available sewer capacity for a previously land-locked parcel.*
- *Facilitate Regional Collaboration with numerous regional water agencies to address economic, environmental and local land use control resulting from the State and Federal Delta Plan efforts.*
- *Converted the maintenance activities in Roseville from a schedule based work order program to a reliability-centered program with a projected long-term labor savings of 41%.*
- *Developed and implemented Roseville's water meter retrofit program. The community is now 100% metered and through acquiring federal grants, City residents recognized over \$1.7million in program savings. City crews did the installation resulting in very few complaints and finished 6 months ahead of schedule.*

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- *One of the original negotiators of the Water Forum which has resulted in a strategy for achieving a sustainable water supply as well as meeting the ecologic needs of the lower American River.*
- *Initiated regional collaboration process between disputing agencies to develop principals towards meeting immediate and long-term water supply needs.*
- *Represented the region on various state and federal water supply reliability issues before Congress and the State Legislature.*
- *Executive Direction of the South Placer Wastewater Authority.*

EDUCATION

Brigham Young University, Provo, Utah; 1986 - B.S. Civil Engineering

Brigham Young University, Provo, Utah; 1987 - M.S. Civil Engineering

Sacramento State University; Sacramento, CA; Fall 2004 - Leadership in the New Millennium

PROFESSIONAL ACTIVITIES

Owner of Municipal Consulting Group (2017 - Present)

Partner in Municipal Consulting Group, LLP (2012 – 2017), formed Municipal Consulting Group to assist utilities (municipalities, districts, utility providers) address strategic needs ranging from short-term operational needs to long-term regional initiatives.

Multiple Times (2003-11), Regional Water Authority Executive Committee Member, one of seven members elected by the twenty-two RWA agency members to review inter-agency issues, policies, fiscal and management activities for the JPA.

1994-12, Regional Water Authority, Water Forum Successor Effort, appointed by the Roseville City Council to represent the City on issues related to each joint power authority on regional matters that may impact the City or region.

Association of California Water Agencies

- 2010 - "Successful Regional Collaboration" served as a panelist to present an overview and discuss regional collaboration in legislative, infrastructure rehabilitation and sustainable resource matters in the Sacramento and Delta regions of California.
- 2012 - "Impacts of Conservation on Water Quality: How to Maintain High-Quality Water in Times of Reduced Demand and Increased Water Age" served as a panelist to present the impacts of water conservation on regulatory compliance, water quality and utility economics.

Groundwater Resources Association of California

- 2005 - "Roseville's ASR Program" presented a paper on the early stages of the City's aquifer storage and recovery program. Summarizing pilot testing and permitting experiences up to that point.
- 2012 - "Time of Opportunity" served as a panelist to discuss the pending State General Permit on ASR for treated drinking water.
- 2013 - "Implementing a Successful ASR Program" scheduled as a panelist to discuss successfully implementing a groundwater recharge program.

Co-Chaired the Water Team for the Sacramento Metro Chamber State Legislative Summit in 2008 and 2009, served as co-chair responsible for developing appointments, assigning participants meeting assignments and with regional water purveyors to bring regional issues to the attention of State Legislators.

Co-Chaired the Water Team for the Sacramento Metro Chamber Cap to Cap Program over 12 Times between 1996 and 2012, served as co-chair (leadership

Derrick H Whitehead, PE

position) responsible for developing appointments, assigning participants meeting responsibilities and developing white papers requesting assistance with local issues.

2000-12, Executive Director – South Placer Wastewater Authority, Was the Executive Director of the South Placer Wastewater Authority from the inspection of the Joint Powers Authority until retiring in November 2012. The JPA issued over \$180 million dollars in municipal bonds for the construction of regional infrastructure including a 12 million gallon per day wastewater treatment plant, extension of the recycled water distribution system and regional transmission lines.

Knowledge

Principles and practices of environmental projects in water, wastewater, storm water, and recycled water; water distribution and wastewater collection system modeling; analytical procedures; rate setting and operational optimization principles; letter and report writing; data collection principles and practices; data analysis and interpretation principles and practices.

Skills/Abilities

Analyze materials and arrive at sound conclusions and recommendations; gather necessary information and identify the problem accurately; plan and work effectively; understand the intent of guidelines; communicate effectively both orally and in writing; participate in and conduct meetings; develop and maintain effective working relationships with peers, public, subordinates and supervisors; assign and coordinate work; train and evaluate performance of subordinates; read, comprehend and interpret complex written materials such as laws, rules and regulations; communicate effectively with individuals at various levels in government and the general public; uphold high ethical standards; prepare clear and concise reports; deal tactfully with the public and other officials; utilize computer based word processing, spreadsheet, scientific/hydrologic and database programs; coordinate, plan, direct, conduct and supervise infrastructure studies and prepare technical reports; plan, assign, coordinate, organize, staff, formulate policies and implement program planning measures; collect, analyze, evaluate and interpret engineering data; conduct investigations; solve problems in which data may be missing or no precedents exist; enforce rules and procedures; perform mathematical and statistical computations and analyses; and use and care for standard engineering instruments and equipment. Analyze hydrological data and arrive at sound conclusions and recommendations; know where to gather data, reports, and other information to identify and analyze a problem accurately; and effectively participates in and conducts public meetings.

Awards/Recognitions

2000 - Placer County Economic Development Board – Public Sector Award for outstanding community service and making a significant contribution to the economic well-being of Placer County.

2000 – Clair Hill Award – Water Forum Participant

2004 - Regional Water Authority – Water Statesman of the Year

2008 – Clair Hill Award Finalist – Aquifer Storage and Recovery Program

2012 – Regional Water Authority – Distinguished Service Award

Position Summary

MUNICIPAL CONSULTING GROUP; OWNER 2017 – PRESENT

MUNICIPAL CONSULTING GROUP; PARTNER 2012 – PRESENT, formed the Municipal Consulting Group to assist utilities (municipal, districts, utility providers) address strategic needs ranging from short-term operation needs to long-term regional initiatives.

CITY OF ROSEVILLE, CA; DIRECTOR OF ENVIRONMENTAL UTILITIES 1994 - 2012

Oversaw the development of policy and strategy for the environmental and water resource programs for the City; oversaw the recycled water; solid waste; wastewater; water utilities within the City. Since the department's inception in 1990, primary objectives have been to develop and establish operational and management practices within each utility to meet or exceed operational criteria established by the various regulatory agencies. Responsible for setting rates, establishing impact fees, day-to-day operations of four utilities. Roseville received recognition for both the water and wastewater utility operations.

ENVIRONMENTAL ENGINEER, CITY OF ROSEVILLE, 1990-1994

Project manager of the expansion of both the Dry Creek Wastewater treatment plant and the Barton Road Water treatment plant. This position also oversaw the operations and maintenance of the treatment plants, maintenance of the vertical facilities and laboratory operations for the City.

ASSOCIATE ENGINEER, CITY OF ROSEVILLE, 1988-1990, Provided engineering support for the Public Works Director and the Assistant Director responsible for utilities. Primary responsibilities revolved focused on water distribution system modeling, computer support, financial analysis of rates and impact (connection) fee development.

ASSISTANT ENGINEER, CITY OF ROSEVILLE, 1987-1988

Worked on the response to a Compliance Order from the USEPA focused on the City's Industrial Waste Program, as well as the development of local limits for the City's wastewater treatment and collection systems. Initiated the feasibility analysis for expanding the City's water treatment plant as well as evaluated the existing water connection fee.

PROJECT ENGINEER, COMMUNITY CONSULTANTS INC., 1985-1986

Conducted leak detection and water audits on municipal distribution systems. Also prepared a recommended rate modification for the City of Saint George, Utah. During my tenure at CCI completed the design of a slow sand filtration system for the City of Stockton, Utah.

Career Highlights

2007-12, Development of Roseville's Aquifer Storage and Recovery Program from initial inception to operation, Roseville instituted the first ASR program in Northern California. After completing the EIR for the project, the City has been able to inject over 1,500 acre-feet per year with the ability to expand the banking amount through the addition of additional wells. As a result of Roseville's effort to permit their program, the State Board initiated the development of a general order for ASR that was adopted in October 2012.

2000-12 State and Federal Legislation, work with state legislative staff to develop changes to proposed water management legislation and lead public outreach efforts with local government elected representatives and work with Northern California water agencies to form alliances on proposed legislative bills regarding Delta impacts and related water supply reliability and flood control.

1989 - 1993, Construction of the Dry Creek Wastewater Treatment Plant Expansion – this project had two phases: 1) develop and implement an interim strategy for compliance with the current discharge permit; and 2) expand the capacity of the plant by 6 million gallons pre-day. Upon completion of the project, the plant is a showcase for the regional board; and meets full Title 22 requirements for recycled water use.

2001 - 2011, City of Roseville Meter Retrofit Program implemented the Bureau and Water Forum mandated meter retrofit program through the use of a Citizens Advisory Committee Process. Developed the funding mechanisms, as well as the strategy. Received federal funding for this project over multiple years reducing the cost of the program by \$1.7 million. This program was recognized by the Bureau of Reclamation as a model program to follow.

1996 - 2005, South Placer Wastewater Master Plan, Design and Construction of the Pleasant Grove WWTP, Conducted the regional master plan for wastewater treatment and transmission facilities in Southwestern Placer County. The master plan resulted in the sizing of regional infrastructure through build out of the service area. Design and construction management for WWTP positioned the City to provide long-term wastewater and recycled water services for a rapidly expanding area in the Sacramento region. The project was completed on time and within budget with minimal change orders. Since the plant was completed, it has received CWEA recognition as plant of the year several times.

Roseville Solid Waste Utility Operations, SW utility operations are regional leaders in recycling and diversion compliance. The utility has one of the lowest monthly service charges and significantly exceeds diversion requirements mandated by the state of California. Solid Waste operations provide a high level of customer service and are known for the "One Big Recycling Container" campaign.

2010 - 2012, Enterprise Asset Management program, Environmental Utilities is in the process of implementing of a citywide asset management program. This program has an estimated return on investment of 5 years. Utilizing multiple systems that currently exist but act independently, are being utilized to increase productivity, reduce repetitive errors and position City operations for expanding future demands. Long-term rehabilitation needs in addition to infrastructure maintenance is being programmed through this program. EAM as it's known, expands on reliability-centered maintenance previously implemented in 2008.

RESOLUTION 20181203

DEL PASO MANOR WATER DISTRICT DIRECTOR COMPENSATION AND TRAVEL ALLOWANCE POLICY

BE IT RESOLVED by the Board of Directors of the Del Paso Manor Water District, Sacramento County, California, as follows:

In accordance with California Water Code Sections 20201 and 30507 and California Government Code Sections 53232 through 53232.4, this document shall constitute the policy of Del Paso Manor Water District for compensation for the Board of Directors and reimbursement for travel expenses for the Board of Directors and Employees of the District. This resolution supercedes all prior District Resolutions on this subject.

COMPENSATION

Each Director shall receive compensation in the amount of \$100.00 for each day's attendance at meetings of the Board or for each day's service rendered as a Director at the request of the Board, not exceeding a total of ten days in any calendar month, in addition to any expenses incurred in the performance of the Director's duties required or authorized by the Board.

Water Code Section 20201 authorizes the Board of Directors to increase the amount of compensation that may be received by members of the Board of Directors by up to five percent for each calendar year. This percentage is cumulative from year to year. If an increase in Director compensation is adopted by the Board, such increase will be effective on January 1 of the following year, and shall not be retroactive.

As used herein, meetings of the Board shall include attendance at meetings of any Board committee. However, compensation for committee meetings is limited to two per month for each committee. Compensation will also be given when service is rendered as the District's appointed representative at approved meetings (such as joint powers authorities of which the District is a member). Compensation will also apply for other meetings or events that are authorized as paid meetings/events by the Board of Directors or requested by the General Manager of the District. Attendance at conferences will be limited to three Directors and the Manager at each conference; if more than three Directors wish to attend, then a rotation will be established. The above compensation policy applies to Directors, not employees of the District.

REIMBURSEMENT

Expenses shall be reimbursed in accordance with the following for both Directors and Employees:

1. TRAVEL:

- a) Reimbursement shall be for the most cost-effective method of travel (i.e., automobile or airplane) as determined by the General Manager.
- b) Automobile travel for District business when using a personal or rented vehicle shall be reimbursed at the IRS standard rate. Cost of car rental is included in the mileage rate reimbursement unless otherwise determined differently by the General Manager on a case by case basis; ratification of General Manager's authorization will be considered by the full Board at the Board meeting following the General Manager's authorization.
- c) Airfare shall be reimbursed at the coach equivalent rate.

2. MEALS:

A Director or Employee shall receive a maximum of \$45.00 per day as reimbursement for meals, tips, phone calls and incidentals while traveling on District business, as long as they are actually incurred. Each Director or Employee will attest to his/her request for reimbursement.

3. LODGING:

Lodging shall be reimbursed at its actual cost, not to exceed the cost of a standard room at the location of the meeting.

4. OTHER EXPENSES:

Other expenses (i.e., local transportation, parking, baggage fees, etc.) shall be reimbursed in their actual amount. Expenses incurred by a Director's or Employee's spouse, domestic partner or companion shall not be reimbursed.

ADMINISTRATION

A Director or Employee shall submit written verification to the General Manager for each day to be compensated or for all expenses to be reimbursed as a prerequisite to receiving compensation and/or reimbursement.

A request for a cash advance for travel must be submitted to the District office at least 10 working days prior to travel. A reconciliation of the cash advance must be made within 10 working days after travel is complete.

When a Director or Employee travels for two or more consecutive days and pays for travel expenses on their own, the District will issue reimbursements as soon as possible after the Director or Employees submits a request. All other eligible reimbursements will be paid with the regular monthly invoices.

The General Manager shall only approve requests for compensation or reimbursement that are consistent with this policy.

This resolution shall take effect on January 1, 2019.

The foregoing resolution was duly passed and adopted by the Board of Directors of the Del Paso Manor Water District at its regular meeting held on December 3, 2018, by the following vote:

AYES: *Allen, Elmore, Matteoli, Saunders and Wilson*

NOES: *None*

ABSENT: *None*

BY: *Richard Kalk*
President, Board of Directors

ATTEST:

Debra A. Schunk
Secretary, Del Paso Manor Water District

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RESOLUTION No. 20190402

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DEL PASO MANOR WATER DISTRICT IMPLEMENTING THE INVESTMENT POLICY

WHEREAS, the DEL PASO MANOR COUNTY WATER DISTRICT (hereinafter referred to as “District”) DESIRES TO IMPLEMENT A Statement of Investment Policy the “Policy”; and

WHEREAS, the purpose of the Policy is to provide a framework for the management of District Assets; and

WHEREAS, the said provisions of the Act also contain a requirement that all public agencies, including the District, shall adopt and promulgate a conflict of interest code; and

WHEREAS, the Policy sets forth the appropriate guidelines in consideration of the needs of the investment program. The Policy provides criteria against which investment results will be measured and serves as a review document to guide ongoing operations and oversight; and

WHEREAS, any existing Statement of Investment Policies, are hereby repealed in their entirety and hereby superseded by this resolution.

NOW, THEREFORE, BE IT RESOLVED that the District hereby adopts the Statement of Investment Policy attached hereto and incorporated herein by this reference.

Section 1. Definitions.

The definitions contained in the California Government Code Section 53600 et seq, and any amendments to the Code or regulations, are incorporated by reference into this Statement of Investment Policy.

Section 2. Incorporation of State Regulations by Reference.

With the additions noted below, the terms of Section 53600-53684 and Sections 16429.1 to 16429.3 of the Government Code of the State of California and any amendments to it duly adopted are hereby incorporated by reference and made a part of this Statement of Investment Policy.

Section 3. Purpose.

The purpose of the Policy is to provide a framework for the management of the District’s

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assets. The Policy is designed to monitor and forecast expenditures and revenues, keeping funds invested to the fullest extent. The Policy also encourages effective communication, facilitates transparency and compliance, and provides a framework for investments.

The Policy sets forth the appropriate guidelines in consideration of the needs of the investment program. The Policy provides criteria against which investment results will be measured and serves as a review document to guide ongoing operations and oversight.

Section 4. Designated Employees.

The persons holding positions listed in Appendix A are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interest.

Section 5. Revisions to the District's Conflict of Interest Code.

The Statement of Investment Policy shall be reviewed at least bi-annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law and financial and economic trends. Any amendments to this policy shall be forwarded to the Board of Directors for approval.

PASSED AND ADOPTED this 2nd day of April, 2019.

AYES:

NOES:

ABSENT:

DEL PASO MANOR WATER DISTRICT

By: _____
Board President

ATTEST:

By: _____
Board Secretary

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DEL PASO MANOR WATER DISTRICT

INVESTMENT POLICY

This policy is effective immediately upon adoption and supersedes all previous Statement of Investment Policies.

I. PURPOSE

The purpose of this “Policy”, is to provide a framework for the management of Del Paso Manor Water District (“District”) assets. The Policy is designed to monitor and forecast expenditures and revenues, keeping funds invested to the fullest extent. The Policy also encourages effective communication, facilitates transparency and compliance, and provides a framework for investments.

The Policy sets forth the appropriate guidelines in consideration of the needs of the investment program. The Policy provides criteria against which investment results will be measured and serves as a review document to guide ongoing operations and oversight.

The Policy will be modified periodically to reflect the changing nature of the District assets and investment programs, benefit and structural changes, and economic conditions.

II. STRATEGIC OBJECTIVE

The District’s general investment goals are broad in nature. The overall objective of the District’s investment program is to provide members and beneficiaries with benefits as required by law. This will be accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets of the District.

The Policy has been designed to allow the District to achieve a long-term total return. As such, prudent risk-taking is appropriate within the context of overall diversification to meet the District’s long-term investment objectives. The assets of the District will be broadly diversified to minimize the effect of short-term losses within any investment program. In accordance with Government Code Section 53601, the District may invest in the following types of investments:

1. Bonds issued by the State of California and/or any local agency within the State of California
2. Securities of the U.S. Government, or its agencies

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3. Certificates of Deposit (or Time Deposit) placed with commercial banks and/or savings and loan companies
4. Bankers Acceptances
5. Commercial Acceptances
6. Local Agency Investment Fund (State Pool) Demand Deposits
7. Repurchase Agreements (Repos)
8. Passbook Savings Account Demand Deposit
9. Reverse Repurchase Agreements
10. Medium Term Corporate Notes
11. Mutual Funds holding the above allowable investments

III. RISK MANAGEMENT

Risk management is central to managing the assets of the District and to achieving the strategic objectives. A framework for risk management is established through the adoption of investment policies for total fund strategic asset allocation, individual asset classes and portfolios with appropriate benchmarks and reasonable risk limits for the implementation of the program. The level of risk assumed will be monitored and reported.

Investment of District monies, not required for immediate expenditure, will be made as provided by law for the investment of public funds. Investments are made under the terms and conditions of Section 53600-53684 and Sections 16429.1 to 16429.3 of the Government Code of the State of California. The criteria for selecting investments and the order of priority are: safety, liquidity, and return on investment.

1. Safety of Principal - Safety of principal is the foremost objective of the District. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institution default or erosion of market value of securities. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
2. Credit Risk – Credit risk, defined as the risk of loss due to failure of any issuer of a security, shall be mitigated by investing in only financially sound institutions and/or investment in State of California Local Agency Investment Fund (LAIF).
3. Market Risk – The risk of market value fluctuations due to overall changes in the general level of market interest rates. It is explicitly recognized herein that occasional losses in a diversified portfolio are inevitable, and must be considered within the context of the overall investment returns.

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4. Liquidity - Liquidity is the second most important objective of the District's investment policy. It is important that an investment contain the feature of being easily sold or withdrawn at any time with a minimal risk of loss of some portion of principal or interest. Investments shall be as liquid as required. Term investments shall be selected to anticipate cash needs to avoid forced liquidation and loss of interest or payment of penalties.

5. Return on Investment - The District shall seek to attain a market-average rate of return throughout economic cycles. The market-average rate of return is defined as the average return on two year U.S. Treasury Bonds.

IV. RESPONSIBILITIES

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors who may re-delegate to an appointed designee (the "Designee") by Board action. The Designee will prepare a monthly transactions report for the Board of Directors in accordance with Section 53607 of the Government Code.

Within 30 days after the end of each quarter, the Designee will provide the Board of Directors a report which will include the investment type, issuer, maturity dates, and dollar value.

A. The Designee's responsibilities include, but are not limited to:

1. Developing and adopting policies to achieve the District's strategic objectives.
2. Reviewing policy recommendations made by the Board of Directors.
3. Recommending policies for the Board of Director's consideration.

B. The Board of Director's independent investment consultants' responsibilities include, but are not limited to:

1. Providing independent review, analysis, and recommendations regarding the development and revision of policies to ensure overall consistency, use of best practices, a systemwide approach, and implementation of the District's policies.
2. Reporting to the Board of Director's and Designee as appropriate.

V. INVESTMENT APPROACHES AND PARAMETERS

All money shall be deposited for safekeeping in state or national banks, state or federal savings and loan associations, or the State of California Local Agency Investment Fund (LAIF).

Investment of funds under the above provisions shall be limited as follows:

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1. Non-transferable Certificates of Deposit that are insured by the FDIC, or in short term U.S. Treasury Certificates.
2. Funds invested in the Local Agency Investment Fund will be limited to an amount of \$4,000,000.
3. LAIF funds funds may exceed \$4,000,000 for up to three months. The Treasurer will present the Board with a revised investment policy if funds will exceed the stated limits.

VI. RESOLUTION

The Del Paso Manor Water District investment policy shall be adopted by resolution of the Board of Directors. This investment policy shall be reviewed at least bi-annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law and financial and economic trends. Any amendments to this policy shall be forwarded to the Board of Directors for approval.

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**MINUTES OF EMERGENCY BOARD MEETING
OF THE BOARD OF DIRECTORS OF
DEL PASO MANOR WATER DISTRICT**

The Board of Directors of the Del Paso Manor Water District held an emergency meeting as authorized by Government Code § 54956.5 at the District office located at 1817 Maryal Drive, Suite 300, Sacramento, California on May 31, 2019 at 6:31PM. President Lenahan called the meeting to order. Directors Marissa Burt, Trish Harrington, John Lenahan, and Gregory Schneider were present. Robert Matteoli arrived after the Pledge of Allegiance, present. Also present were Attorney Adam Brown and Ken Ingle, District Operations and Maintenance Tech II.

PLEDGE OF ALLEGIANCE:

President Lenahan led the Pledge of Allegiance.

ANNOUNCEMENTS:

Attorney Adam Brown provided background for the meeting, noting that the District General Manager, Field Superintendent and Administrative Assistant all tendered their resignations at 3:00 p.m. which were effective immediately, and had vacated the office. Attorney Brown stated that an emergency meeting was permitted under the Brown Act, given that only one District employee remained, as it constituted an activity which severely impaired public health, safety or both. Attorney Brown stated that the purpose of the meeting was to hear from District O&M Tech Ken Ingle regarding the status of District operations and the District's capacity to respond to leaks and any other water distribution emergencies over the weekend. Attorney Brown asked the Board President to entertain a motion for a Board determination that such conditions existed so the meeting could proceed. Director Harrington made a motion. Director Burt seconded the motion. The motion carried by the following roll call vote:

Ayes: Burt, Harrington, Lenahan, Matteoli, Schneider

Noes: None

Sacramento Suburban Water District (SSWD) General Manager Dan York stated that he received a request for mutual aid from President Lenahan that afternoon and had already communicated that request to his staff and the SSWD Board as provided in the Mutual Aid and Assistance Agreement between the District and SSWD. The Mutual Aid agreement does have requirements for enacting it and requires a verbal or written request from an authorized official of the District. Attorney Adam Brown and Dan York agreed that President Lenahan was an authorized official given the circumstances.

President Lenahan described the short term challenges facing the District and how he was attempting to obtain systems access and make sure the District has continued operations. President Lenahan described how the Board would need to appoint Ken Ingle as Chief Operator for our water permit and Dan York explained the process and requirements. Dan York encouraged Ken Ingle to contact the State Water Resources Control Board, Division of Drinking Water to notify them of the chief operator change and to contact the systems engineer that day with information that the Mutual Aid and Assistance Agreement with SSWD has been activated and they are ready to assist if needed. Director Schneider

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asked about Ken Ingle's duties and responsibilities for the role along with potentially reviewing his pay at a future date under the circumstances.

Dan York described the Mutual Aid and Assistance Agreement, entered into between the District and SSWD in January 2011, and there was some Board discussion. Dan York requested that the Board activate the Mutual Aid and Assistance Agreement. Director Harrington made a motion to activate the Mutual Aid and Assistance Agreement with SSWD. Director Burt seconded the motion. The motion carried by the following roll call vote:

Ayes: Burt, Harrington, Lenahan, Matteoli, Schneider

Noes: None

Attorney Adam Brown suggested that Ken Ingle provide an update as to at the District's preparedness to handle emergencies and any immediate needs. Ken Ingle mentioned his concerns with being on call 24/7 with no backup and Dan York responded that his team would be available for coverage and assistance as needed. Ken Ingle shared a story about how the Del Paso Manor Water District had reached out to Carmichael Water District for mutual aid in the past. A representative from Carmichael Water District commented that they were willing to help during this crisis. Ken Ingle and Dan York had a discussion about after-hours and the phone answering service. Ken will be first in the call list and a SSWD contact will be second. Ken Ingle asked about contacting GM Construction for large issues, like a tree falling over or a large pipe break. President Lenahan commented that we would use GM Construction as the District has in the past and that SSWD is available to help with issues.

It was noted that Board action was needed to appoint Ken Ingle as Chief Operator. Director Harrington made a motion. Director Burt seconded the motion. The motion carried by the following roll call vote:

Ayes: Burt, Harrington, Lenahan, Matteoli, Schneider

Noes: None

Ken Ingle continued with his update on the District and gave the Board an update on the work-in-progress with Well #8. It has run into some complications but the pump is out for repair and authorization has been provided for additional parts and work. The work is expected to continue for the next 2-3 weeks. Ken Ingle recommended that the phones be forwarded to the answering service and also informed the Board that the May invoices are ready to go.

There was brief Board discussion about the state of the District.

President Lenahan asked if there was any public comment. Roger Nelson made a brief comment about the District staff resignations.

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There being no further business to come before the Board, President Lenahan adjourned the meeting at 7:10PM.

John Lenahan, President

ATTEST:

Adam Brown, District Counsel