SECTION I – BOARD ADMINISTRATION

OFFICIAL SEAL ................................................................. Policy 501
PURPOSE OF BOARD POLICIES AND PROCEDURES .............. Policy 502
ADOPTION/AMENDMENT OF POLICIES AND PROCEDURES ........ Policy 503
CODE OF ETHICS ................................................................. Policy 504
BOARD CHAIRPERSON AND VICE CHAIRPERSON ................. Policy 505
MEMBERS OF THE GOVERNING BOARD ................................ Policy 506
COMMITTEES OF THE GOVERNING BOARD AND INTERAGENCY COMMITTEES ................................................................. Policy 507
OTHER APPOINTED OFFICERS .................................................. Policy 508
ATTENDANCE AT MEETINGS ..................................................... Policy 509
PER DIEM AND REIMBURSEMENT ............................................ Policy 510
TRAINING, EDUCATION, AND COMMUNITY OUTREACH .......... Policy 511
DIRECTORS’ TRAVEL ............................................................... Policy 512
FIELD TRIPS BY DIRECTORS .................................................... Policy 513
FAX MACHINES, EMAIL, SOCIAL MEDIA, AND OTHER ELECTRONIC COMMUNICATION METHODS .................................................. Policy 514
MASS MAILINGS ................................................................. Policy 515
ETHICS TRAINING ............................................................... Policy 516
FINANCIAL POLICIES ............................................................. Policy 517
GENERAL MANAGER PERFORMANCE MANAGEMENT ................ Policy 518
EVENT ENDORSEMENT .......................................................... Policy 519
BENEFITS ................................................................. Policy 520
RECOGNITION OF OUTGOING BOARD MEMBERS .................... Policy 521
CITIZENS ADVISORY COMMITTEE ........................................ Policy 522

SECTION II – BOARD MEETINGS

BOARD MEETINGS ................................................................. Policy 601
BOARD MEETING AGENDA ..................................................... Policy 602
BOARD MEETING CONDUCT .................................................... Policy 603
BOARD ACTIONS AND DECISIONS ........................................... Policy 604
MINUTES OF BOARD MEETINGS .............................................. Policy 605
RULES OF ORDER FOR BOARD AND COMMITTEE MEETINGS .... Policy 606
REPRESENTATIVES TO THE SAN DIEGO COUNTY WATER AUTHORITY Policy 607
MAILED NOTICE OF MEETINGS .............................................. Policy 608
POLICY 501 – OFFICIAL SEAL

POLICY

The Governing Board of Sweetwater Authority has adopted a design that shall constitute the official seal of Sweetwater Authority.

PROCEDURE

The following design shall constitute the official seal of Sweetwater Authority.

The seal is comprised of two concentric circles. The diameter of the seal is 1-5/8" with the outer perimeter of the circle encompassed with a braided rope design. The distance between the outer and inner circle is ¼" containing the words “SWEETWATER AUTHORITY” inscribed around the top of the inside circle and “CALIFORNIA” inscribed around the bottom. In the center of the single-lined circle, which is 1" in diameter, the word “ORGANIZED” is inscribed around the top inner portion of the circle, with the words “FEB. 3, 1972” inscribed around the bottom inner portion. The very center of this circle also contains a symbol that resembles a small propeller.
POLICY 502 – PURPOSE OF BOARD POLICIES AND PROCEDURES

POLICY

It is the intent of the Governing Board (Board) of Sweetwater Authority (Authority) to use sound management practices and maintain a Policies and Procedures Manual. It shall contain a comprehensive listing of the Board’s current policies and procedures, constituting the rules and regulations enacted by the Board from time to time.

PROCEDURE

The Policies and Procedures Manual shall serve as a resource for the Directors, staff, Management, and members of the public in determining the manner in which matters of Authority business are to be conducted.

If any policy or portion of a policy contained within the Policies and Procedures Manual is in conflict with rules, regulations, or legislation having authority over the Authority, said rules, regulations or legislation shall prevail.
POLICY 503 – ADOPTION/AMENDMENT OF POLICIES AND PROCEDURES

POLICY

To establish guidelines to adopt or amend policies and procedures in the Policies and Procedures Manual of the Governing Board (Board) of Sweetwater Authority (Authority).

PROCEDURE

Consideration by the Board to adopt a new policy or procedure or to amend an existing policy or procedure may be initiated by a Director or by the General Manager. The proposed adoption or amendment is initiated by submitting a written draft of the proposed adoption or amendment to each Director and the General Manager through the Authority’s office and requesting that the item be included for consideration on the agenda of the appropriate Committee or on the agenda of a Regular Meeting of the Board.

Periodic review of the existing policies and procedures will be initiated by the General Manager.

Adoption of a new policy or procedure or amendment of an existing policy or procedure shall be accomplished at a Regular Meeting of the Board and shall require an affirmative majority vote of the Board.

Before considering adopting or amending any policy or procedure, Directors shall have the opportunity to review the proposed adoption or amendment prior to the meeting at which consideration for adoption or amendment is to be given.

Copies of the proposed policy or procedure adoption or amendment shall be included in the agenda information packet for any meeting of consideration. Pursuant to the Ralph M. Brown Act, the agenda information packets with said copies shall be made available to each Director for review at least seventy-two (72) hours prior to any meeting of consideration.
POLICY 504 – CODE OF ETHICS

POLICY

The Governing Board (Board) of Sweetwater Authority (Authority) is committed to providing excellence in legislative leadership that results in the provision of industry-leading services to its constituents and to comply with all applicable state laws including AB 1234 approved in 2006. The Board is also committed to pursuing effective governance of the Authority by using effective communications strategies and respecting the clear division of responsibility between the Board and the professional Management and staff of the Authority.

PROCEDURE

The principles and standards below are intended to ensure effective communications and ethical practices by and among the members of the Board. Directors who consistently ignore or violate these principles and standards, or who commit a substantial and detrimental violation of these principles and standards, may be subject to censure by the Board or removal from representing the Board at any activities where they might be designated by the Board as a representative of the Authority. Board members shall comply with the following principles and standards:

A. The dignity, style, values, and opinions of each Director shall be respected.

B. Responsiveness and attentive listening in communication are encouraged.

C. Directors shall commit themselves to emphasizing the focused, relevant, thoughtful, positive contributions to the discussion and collaborative analytical process, avoiding double talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.

D. Directors shall commit themselves to focusing on issues and not personalities or other prejudices. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues shall be avoided.

E. Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions in a courteous manner, without being disagreeable. Once the Board takes action, Directors should commit to supporting said action and shall not create barriers to the implementation of said action.

F. The work of the Authority is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the Authority.

G. Directors shall function as a part of the whole. Issues should be brought to the
attention of the Board as a whole, rather than to individual members selectively.

H. Directors are responsible for monitoring the Authority’s progress in attaining the goals and objectives, while pursuing its mission, as identified in the annual Strategic Plan.

I. The needs of the Authority’s constituents should be the priority of the Board. When a Director believes he/she may have a conflict of interest, the Director may consult legal counsel to assist the Director in making a determination if one exists or not. If the Director determines that there is a conflict of interest or an appearance of a conflict of interest with respect to any official action that he or she needs to take as a Director, then the Director is responsible for disclosing such conflict and recusing himself or herself in accordance with applicable law and regulations.

The primary responsibility of the Board is the formulation and evaluation of policy and making financial decisions for the Authority. Routine administrative and operational aspects of the Authority are the responsibility of the General Manager, who is the Chief Executive Officer of the Authority. The following procedures are intended to provide for effective channels of communication and a clear division of responsibility between the Board and the Management of the Authority.

Directors who consistently ignore or violate these procedures, or who commit a substantial and detrimental violation of these procedures, may be subject to censure by the Board or removal from representing the Board at any activities where they might be designated by the Board as a representative of the Authority. Board members shall comply with the following procedures:

A. Directors should develop a working relationship with the General Manager wherein current issues, concerns, and Authority projects can be discussed comfortably and openly. In seeking clarification on informational items, Directors shall approach the General Manager to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making. Directors shall not attempt to obtain such information directly from other Authority staff without the knowledge or involvement of the General Manager.

B. When approached by residents and property owners of the Authority with complaints, said complaints shall be referred directly to the General Manager.

C. When considering items related to safety, concerns for safety or hazards shall be reported to the General Manager.

D. When seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns shall be referred directly to the General Manager or
legal counsel.

E. When approached by Authority personnel concerning specific Authority policy or operations, Directors shall direct the Authority personnel to the General Manager. Directors may then directly consult with the General Manager or legal counsel about said issue.

F. When responding to constituent requests and concerns, Directors shall be courteous, responding to individuals in a positive manner and referring their questions to customer service, the General Manager, or legal counsel. Directors may then directly consult with the General Manager or legal counsel about said issue.

G. When approached by vendors or contractors concerning the availability of work or contracts at the Authority, Directors shall direct such inquiries to the General Manager.
POLICY 505 – BOARD CHAIRPERSON AND VICE CHAIRPERSON

POLICY

The appointed Chairperson shall preside as Chair at all meetings of the Governing Board (Board) of Sweetwater Authority and perform such other duties as are specified by the Board. In the absence of the Chairperson, the Vice Chairperson shall serve as Chair over all meetings of the Board.

PROCEDURE

The Governing Board shall hold an annual organizational meeting at its last regular meeting in December. The Board shall elect one of its members as Chairperson and another member as Vice Chairperson. The Chairperson’s term of office shall be one (1) year and until his/her successor takes office. The Chairperson’s authority is granted by the full Board and the Chairperson:

- Represents the full Board in any public announcements, and
- Speaks on behalf of the Board only in support of the decisions of the full Board.

The Chairperson shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions. The Chairperson customarily has primary contact with the General Manager.

The Vice Chairperson’s term of office shall be one (1) year and until his/her successor takes office. The Vice Chairperson shall perform all the duties of the Chair in the absence of the Chairperson or in the event of the Chairperson’s inability to perform such duties and such other duties as are specified by the Board. If the Chairperson and Vice Chairperson of the Board are both absent, the remaining members present shall select one of themselves to act as Chairperson of the meeting.

As the presiding officer, the Chairperson must keep the meeting discussions aimed at agenda issues and move the Board along toward decisions.

The duties and responsibilities of the Chairperson include the following:

A. Preside over Board meetings.
B. Ensure that orders and resolutions of the Board are carried out.
C. Coordinate the work of officers of the Board and committees.
D. Call special meetings as the need arises.
E. Act as official spokesperson for the Board, unless authority is delegated.
F. Perform all other functions required by the office of Chairperson.

Reviewed and Reapproved on 2/26/20
POLICY 506 – MEMBERS OF THE GOVERNING BOARD

POLICY

To provide guidelines to members of the Governing Board (Board), who are the unit of authority for Sweetwater Authority (Authority). Apart from their normal function as a part of this unit, Directors have no individual authority. Staff does not report to any one Director, but rather to the Board, which may direct formal action by a concurrence of the majority. As individuals, Directors may not commit the Authority to any policy, act, or expenditure. Individual Board members, except as authorized by the Board, shall have no power to act for the Authority, or the Board, or to direct Authority staff. The Board Chairperson has the authority to act on behalf of the Board on both routine and unusual matters, which may, depending on the nature of the matter, be subject to ratification by the Board.

PROCEDURE

The Board shall be comprised of seven (7) members, five (5) of whom are members of the Board of Directors of South Bay Irrigation District and two (2) of whom shall be appointed by the Mayor of National City, subject to confirmation by the City Council of National City. They shall be electors of National City at the time of assuming such offices and at all times during their terms of office. They shall serve four (4) year terms. Any vacancy that occurs among the National City members of the Board shall be filled by appointment by the Mayor of National City, subject to confirmation by the City Council of National City. In order to assist in the governance of behavior as a member of the Board, the following shall be observed:

A. Directors shall act as a part of the body that represents and acts for the community as a whole and should not represent any fractional segment of the community.

B. Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board. Information may be requested from, or exchanged with, the General Manager or Assistant General Manager before meetings. Information that is exchanged before meetings shall be distributed to Directors so that all Directors receive all information being distributed. Copies of public information exchanged before meetings shall be available at the meeting for members of the public in attendance, and shall also be provided to anyone not present upon their request. For matters that are to be considered under closed session, information may be requested from, or exchanged with, legal counsel.

C. Directors shall at all times conduct themselves with courtesy to each other, to staff, and to members of the audience present at Board meetings.

D. Directors shall defer to the Chairperson for conduct of meetings of the Board, but shall be free to question and discuss items on the agenda. All comments should be
brief and confined to the matter being discussed by the Board.

E. Directors may request for inclusion into minutes brief comments pertinent to an agenda item only at the meeting that item is discussed (including, if desired, a position on abstention or dissenting vote).

F. Directors shall recuse themselves and abstain from participating in consideration on any item involving a conflict of interest under state law or applicable regulations. Unless such a conflict of interest exists, however, Directors should not abstain from the Board’s decision-making responsibilities.

G. Because the General Manager is the Chief Executive Officer of the Authority and is responsible for overseeing the administration and operation of the Authority, Directors shall channel requests for substantive information and/or research through the General Manager. Requests by individual Directors that entail substantial effort or cost will be channeled through the Board.

H. Individual Directors shall not act independently to direct the General Manager in the performance of duties, or to provide or compile data, information, or reports.

I. Directors shall not exchange information about projects, personnel, or any other business matter with employees of the Authority without the knowledge of the General Manager.
POLICY 507 – COMMITTEES OF THE GOVERNING BOARD AND INTERAGENCY COMMITTEES

POLICY

Except as otherwise provided in this Policy, the Chairperson of the Governing Board (Board) shall appoint members to established Standing Committees of the Authority, Interagency Committees/Boards, and Ad Hoc Committees as necessary. The Chairperson may also appoint the Chairpersons for said Committees/Boards or have the option to assign that task to said Committees.

PROCEDURE

A Standing Committee of Sweetwater Authority (Authority) is a legislative body subject to the Ralph M. Brown Act (Brown Act), which is defined as any Standing Committee that has “continuing subject matter jurisdiction” or a meeting schedule fixed by ordinance, resolution, or formal action.

Unauthorized serial meetings occur when there is a “meeting of the minds” of a quorum of the legislative body outside of a formal meeting. This may occur if member “A” contacts member “B,” who contacts member “C” and so on, until a quorum has been involved.

A serial meeting may occur if an individual contacts the members of the legislative body prior to a formal meeting and, in the process, reveals their respective views to one another or asks the members to commit to or decide on a proposed action. Serial meetings are “secret meetings” that deprive the public of an opportunity to contribute to the decision-making process.

In contrast, the distribution of a memo does not constitute a meeting. A unilateral communication to a legislative body, such as an information or advisory memo, does not violate the Brown Act.

The Standing Committees of the Board are:

A. Finance and Personnel Committee
B. Operations Committee
C. Consultant Selection Committee (meets on an as-needed basis)
D. Communications Committee (meets on a quarterly basis)

Interagency Committees/Boards are:

A. Association of California Water Agencies/Joint Powers Insurance Authority

Revised and Approved on 3/25/20
(appointment made by the Board)

B. Chula Vista Interagency Water Task Force
C. Water Conservation Garden Joint Powers Authority Board

Ad Hoc Committees are to be appointed by the Chairperson, if necessary.

The creation and duties of the Ad Hoc Committees shall be outlined at the time determined by the Chairperson or by the direction of the Board. Members of the Ad Hoc Committee shall be appointed by the Chair. The Committee shall be considered dissolved when the Chairperson of the Board determines the need no longer exists.

The Chairperson shall appoint and publicly announce the members of the Standing Committees for the ensuing year no later than February 1 of each year.

The Board’s Standing Committees may be assigned to review (a) the Authority’s functions, activities, or operations pertaining to their designated concerns, or (b) those of another Standing Committee, when necessary, if the timeliness of Board action is a consideration in such a review. Any recommendations resulting from review by a Committee should be submitted to the Board via a written or oral report.

If a member of a Committee is unable to attend a scheduled meeting, the meeting may take place with only two members of the Committee in attendance. Committee meetings will not be conducted by the use of teleconferencing provided for in Government Code Section 54953 unless the Director’s absence is excused because of health or personal emergency and is notified to the Board Secretary and is then approved by the Chairperson of the Board or Committee or by the Chair of the Committee if the Board Chair is not available.

All meetings of Standing Committees shall conform to all open meeting laws (e.g., “Brown Act”) that pertain to regular meetings of the Board.
POLICY 508 – OTHER APPOINTED OFFICERS

POLICY

To establish a procedure to serve as a guide to appoint other officers of the Governing Board (Board) and to establish guidelines and clarification of responsibilities.

PROCEDURE

The General Manager shall be appointed by the Board. The General Manager shall be the Chief Executive Officer responsible directly to the Board. The General Manager shall have charge of, handle, and have access to, the property of Sweetwater Authority (Authority). The General Manager shall plan, direct, coordinate and administer the activities of the Authority, subject to and within the policy determinations of the Board, and perform such other duties as are specified by the Board.

The Assistant General Manager shall serve as the General Manager in the General Manager’s absence.

Pursuant to Section 2 (D) (3) of the Joint Powers Agreement for the Authority, the Secretary of the Authority shall be appointed by the Board and shall serve at the pleasure of the Board. The Secretary may, but need not, be a member of the Board. The Secretary shall be responsible for the minutes and other records of the proceedings of the Board and shall perform such other duties as are specified by the Board.

Pursuant to Section 2 (D) (4) of the Joint Powers Agreement for the Authority, the Treasurer of the Authority shall be the Treasurer of South Bay Irrigation District, appointed by the Board, and serving ex-officio as Treasurer of the Authority. The Treasurer shall also perform such other duties as are specified by the Board.

The positions of General Manager and Secretary shall be appointed by the Board. The Board may seek and choose to concur with the General Manager’s recommendation or may choose to select a replacement based on an internal search, an external search, or both.
POLICY 509 – ATTENDANCE AT MEETINGS

POLICY

Members of the Governing Board (Board) shall attend the full session of all Regular and Special meetings of the Board unless there is a good cause for absence. As a courtesy, any Board member who believes he/she will be absent from any meeting should notify the Board Secretary of such absence as soon as possible. In the event a Director plans to be absent for a period of time (vacation, illness, etc.) that would cause him/her to be absent for a Special meeting, a “Waiver of Personal Notice of Special Meeting” should be completed, signed, and filed with the Secretary in accordance with Government Code Section 54956.

PROCEDURE

In accordance with Government Code Section 1770, a vacancy shall occur if any member ceases to discharge the duty of his/her office due to the happening of certain events before expiration of the term, including but not limited to:

A. His/her absence from the state without the permission required by law beyond the period allowed by law.

B. His/her ceasing to discharge the duties of his/her office for the period of three (3) consecutive months, except when prevented by sickness or when absent from the state with the permission required by law.

In addition, pursuant to Government Code Section 1062, no state or municipal officer shall be absent himself or herself from the state for more than sixty (60) days, unless either:

A. Upon business of the state or the municipality

B. With the consent of the Legislature or the Governing Body of the municipality

Failure to attend the full session of all Board meetings for three (3) consecutive months is not an automatic disqualification from office; however, it would be evidence of the absent Director’s ceasing to discharge the duties of his/her office and of a misuse of public resources if the Director receives Director’s Fees and attends only partial meetings. (Penal Code § 424) If no reasonable explanation or excuse for the absence is provided, the office shall be considered vacant. In addition, failure to attend meetings while absent from the state for more than sixty (60) days without the consent of the Board shall create a vacancy.

Revised and Approved on 2/26/20
POLICY 510 – PER DIEM AND REIMBURSEMENT

POLICY

Members of the Governing Board (Board) shall receive per diem, specified herein as “Director’s Fees,” for occasions that constitute the performance of official duties, in an amount that is established by the Board in accordance with state law and for the actual and necessary expenses incurred in the performance of such official duties. The Per Diem and Reimbursement policy set forth herein shall be read in conjunction with Policy 511 for Training, Education, and Community Outreach.

PROCEDURE

Director’s Fees in the amount of $150 per day, as established by the Board in accordance with the Water Code Sections 20200-20207, shall be paid for attendance at the following:

A. Regular, Special, or Adjourned meetings of the Board.
B. Board Committee, Interagency Committees/Boards, and Ad Hoc Committee meetings.
C. Meetings of other organizations, where such attendance constitutes the performance of a Director’s official duties, as provided for by Policy 511. For conferences that require travel outside San Diego County and begin early in the day or continue late into the evening, Directors shall receive Director’s Fees for a travel day either immediately preceding or following the day on which a conference or meeting is held.
D. Designated functions at the direction of the Board by motion, either prior to the function or at the next regular Board meeting following the function.
E. Chairperson’s attendance at Board agenda preparation meetings with Management and the General Manager’s performance evaluation by the Chairperson, or Vice Chairperson’s attendance at such meetings and performance evaluations in the event the Chairperson is unable to attend.
F. Business meetings with the General Manager, limited to one per month.

Director’s Fees will be reviewed annually in either January or February, and any changes approved will be effective July 1 of the same year.

Directors will not receive a Director’s Fee or payment of actual and necessary expenses for attendance at: a) more than one authorized event per day or b) meetings of other organizations as provided for by Policy 511, unless the Board approves such attendance.
either prior to the function or at the next regular Board meeting following the function. Total per diem, or Director’s Fees, shall not exceed ten (10) days in any calendar month.

Directors who attend meetings of organizations other than Authority Board or Committee meetings by the use of teleconferencing or the Internet (i.e., online) shall not receive a Director’s Fee unless:

1) the Director is unable to attend in person because of health or personal emergency, or
2) the Director chooses not to attend in order to save the Authority the expense of travel to the meeting, the Director’s Fee is approved in accordance with Policy 511, and teleconferencing/online participation is approved in advance by the Board, or
3) the Director is participating in a legally required training function with an approved vendor of the State of California provided the Director submits a certificate of completion.
4) the meeting is only available by teleconferencing or Internet and the Director’s Fee is approved in accordance with Policy 511, or
5) the Director is an appointed Authority representative to an organization and that organization’s meeting is available by teleconferencing or the Internet.

At the end of each month, Directors are to submit to the Board Secretary a signed “Director’s Monthly Per Diem and Mileage Reimbursement” form documenting the meetings attended during the month and the corresponding mileage to be reimbursed, if any.

Water Code Section 20202 provides that a water district may increase the amount of compensation which may be received by members of the Board above the amount of one hundred dollars ($100) per day, so long as the increase does not exceed an amount equal to five percent (5%) for each calendar year following the operative date\(^1\) of the last adjustment of compensation. Section 20202 authorizes compensation for no more than a total of ten (10) days in any calendar month.

The Authority will pay actual and necessary expenses of Directors incurred in the performance of official duties within San Diego County as contemplated by Policy 511, including registration, tuition, meals, incidental expenses, tips and gratuities, and each mile actually traveled by a Director in his or her private automobile for attendance of any Director specifically designated or approved by the Board to attend an event within San Diego County. Reimbursement per mile to be equal to the standard rate in effect for business miles deduction by the United States Internal Revenue Service, as such rate is established from time to time.

A Director will receive reimbursement for each mile actually traveled in his or her private automobile while attending meetings outside of San Diego County when acting under orders of the Board, provided such mileage compensation does not exceed economy class

\(^1\) Resolution 01-09 was adopted on May 23, 2001 approving an adjustment in compensation and establishing the per diem at $150, effective July 23, 2001.
airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination. Reimbursement per mile to be equal to the standard rate in effect for business miles deduction by the United States Internal Revenue Service, as such rate is established from time to time.

If a Director chooses to travel in his or her private automobile rather than by scheduled airline, while attending meetings outside of San Diego County when acting under orders of the Board, and the distance traveled requires more than eight (8)-hours driving, mileage, overnight lodging and three (3) meals will be reimbursed to the Director, provided that such reimbursement does not exceed the cost of economy class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination.

If two (2) or more Directors travel in the same car, the Director driving will receive full mileage reimbursement, provided that said mileage does not exceed the cost of economy class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination for all the Directors who traveled in the same car.

Directors should travel together whenever feasible, but not in a number that would constitute a quorum of the Board, and economically beneficial, and register sufficiently in advance, when possible, to obtain discounted tuition and registration expenses.

In no event shall a Director receive from the Authority compensation for out-of-town travel expenses, including, but not limited to, airfare, car rental when appropriate, lodging, registration, meals, incidental expenses, or miles traveled in his or her private automobile, unless such out-of-town travel is preapproved by order of the Board. Directors are encouraged, whenever feasible, to provide a fifteen (15) day advanced notice for air travel to the Board Secretary. The cost of alcoholic beverages will not be paid by the Authority.

Frequent flyer miles accumulated by Directors for airfare paid for, or reimbursed, by the Authority, should be redeemed for discounts on future airfare paid for, or reimbursed, by the Authority, and may not be redeemed for personal use. If any Director requires special travel accommodations due to a disability or health-related reasons, the Authority will pay all costs associated with those special accommodations.

Actual and necessary expenses for accommodations and meals incurred by Directors while attending meetings outside of San Diego County when acting under orders of the Board will be reimbursed as provided in this Policy. Reimbursement shall be permitted for travel expenses, including accommodations and meals, incurred on the day immediately preceding or immediately following an approved meeting or conference held outside of San Diego County when travel on the actual day of the meeting or conference is infeasible. Except as otherwise provided herein, the maximum reimbursement for lodging costs shall be two hundred twenty-five dollars ($225) per day including taxes. However, if the lodging is in connection with a conference or organized educational activity conducted in compliance with this Policy, the Authority will pay lodging costs which do not exceed the maximum...
group rate published by the conference or activity sponsor, provided that the lodging at the group rate is available to the Director at the time of booking. If the group rate is not available, the Authority will pay for comparable lodging at an amount not-to-exceed the maximum group rate published by the conference or activity sponsor. The maximum reimbursement for meals (breakfast, lunch, and dinner) not included in conference registration shall be seventy-five dollars ($75) per day.

Reimbursement for all tips and gratuities shall be limited to a maximum of twenty percent (20%) of the underlying costs. Tips and gratuities for services with no underlying costs (such as concierge, bellhop, or wheelchair assistance) shall be at a maximum of $5 per service and $20 per day. Directors requesting reimbursement for amounts exceeding the maximum limits shall require Board ratification prior to payment to a Director. Upon the request of a Board member, the Board may authorize actual and necessary expenses for accommodations and meals which exceed the policy limits.

Directors shall use government and group rates offered by a provider of transportation or lodging services or travel and lodging, when available.

The Board Secretary may arrange for certain group travel including prepaying the fares, fees, tips, and gratuities. There shall be no reimbursement for fares, fees, tips, or gratuities paid by Directors if these were prepaid by the Authority.

Actual and necessary expenses for meals incurred by Directors while attending meetings within San Diego County, and meetings outside San Diego County which do not involve lodging, when acting under orders of the Board, will be reimbursed. The maximum reimbursement for said meals not included in conference registration shall be seventy-five dollars ($75) per day.

For conferences and events for which costs and expenses are prepaid by the Authority, Directors unable to attend the conference or event due to illness or scheduling conflict will notify the Board Secretary as soon as possible to ensure credit or reimbursement of costs from the conference or event sponsor. If reimbursement is not possible, the Board Secretary shall contact other Directors to determine if they can attend. The Board Secretary will also inquire through the General Manager if staff members can attend.

Within thirty (30) days following an event which constitutes the performance of official duties as designated in Policy 511, and for which the payment of actual and necessary expenses has been approved, any Director attending must submit a signed “Director’s Expense Reimbursement Form,” together with valid itemized receipts, to the Board Secretary and return any excess funds advanced for attendance of the event. Eligible expenses for which receipts are not available will be reimbursed with an explanation included in the expense report for accounting backup. If actual and necessary expenses incurred by a Director attending exceed the amount of any advance, the Authority will reimburse the Director for excess expenses within ten (10) days of receipt of the expense report.
The Board Secretary shall produce and distribute a quarterly report containing the Governing Board’s Expenses. The reports shall be presented to the Board in January, April, July, and October.
POLICY 511 – TRAINING, EDUCATION, AND COMMUNITY OUTREACH

POLICY

The Governing Board (Board) finds that it is beneficial to Sweetwater Authority (Authority) for the Board to increase its knowledge of matters within the subject-matter jurisdiction of the Board. To this end, members of the Board are encouraged to attend educational conferences and professional meetings concerning matters within the subject-matter jurisdiction of the Board and which activities constitute the performance of official duties. To the maximum extent feasible and practical, Directors attending such conferences and/or meetings will attend for the time frame that they are registered and engage with staff and the public. The Training, Education and Conferences policy set forth herein shall be read in conjunction with Policy 510 for Per Diem and Reimbursement.

PROCEDURE

There is no limit as to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the Authority. To promote such Board development and excellence, the Authority reimburses actual and necessary expenses incurred on behalf of the Authority in the performance of official duties, such as travel, tuition, lodging, meals, incidental expenses, and each mile actually traveled by a Director in his or her private automobile as a result of training, educational courses, participation with professional organizations, and attendance at conferences, in accordance with Policy 510. In no event shall a Director receive from the Authority such compensation for out-of-town travel expenses, unless when such out-of-town travel is pre-approved by order of the Board. The cost of alcoholic beverages will not be paid by the Authority. Reimbursement shall be permitted for travel expenses, including accommodations and meals, incurred on the day immediately preceding or immediately following an approved meeting or conference held outside of San Diego County when travel on the actual day of the meeting or conference is infeasible as provided in Policy 510; however, Directors shall not be entitled to Director's Fees for such travel day(s).

The Board Secretary is responsible for making arrangements for Directors to attend conferences and to record and calculate the per diem or “Director's Fees” as set forth in more detail in Policy 510. The Director's Fees for attendance at approved events and the procedure for reimbursement of actual and necessary expenses incurred in the performance of official duties are set forth in Policy 510.

Attendance by Directors at meetings, seminars, workshops and conferences (other than those that are already pre-approved as designated events which constitute the performance of official duties) shall be approved by the Board prior to payment of Director's Fees or incurring any reimbursable actual and necessary expenses. A Director shall not attend a

Adopted by Resolution 19-13 on 6/12/19; Revised and Approved 2/26/20
conference or training event (other than those that are already pre-approved as designated events which constitute the performance of official duties) that does not cover matters within the subject-matter jurisdiction of the Board.

Upon returning from meetings, seminars, workshops, conferences, and other occasions which constitute the performance of official duties for which Directors receive Director’s Fees and the actual and necessary expenses are reimbursed by the Authority, in accordance with Policy 510, Directors shall either prepare a written report for distribution to the Board, or make a verbal report at the next regular Board meeting following the event. Said written or verbal report shall detail the information that may be of benefit to the Authority that was presented at the meeting, seminar, workshop, conference, or other occasion which constitutes the performance of official duties. Materials from the meetings, seminars, workshops, conferences, and other occasions which constitute the performance of official duties may be delivered to the Authority’s office to be included in the Authority’s library for the future use of other Directors and staff.

Directors who have signed up for an event, and subsequently cannot attend, shall contact the Board Secretary as soon as possible to ensure credit or reimbursement of costs from the conference or event sponsor. If reimbursement is not possible, the Board Secretary shall contact other Directors to determine if they can attend. The Board Secretary will also inquire through the General Manager if staff members can attend.

Directors’ attendance at board and membership meetings of the following associations has been pre-approved as occasions that constitute the performance of official duties:

A. Association of California Water Agencies (ACWA)
B. Association of California Water Agencies – Joint Powers Insurance Authority (ACWA/JPIA)
C. CalDesal
D. California Special Districts Association (CSDA) both state and San Diego Chapter
E. Chula Vista Chamber of Commerce and Subcommittees
F. Council of Water Utilities
G. Ethics Training in accordance with AB1234 (bi-annual)
H. Metropolitan Water District of Southern California
I. National Water Resources Association (NWRA) and Municipal Caucus
J. National City Chamber of Commerce and Subcommittees
K. San Diego County Water Authority (SDCWA)
L. Sexual Harassment Avoidance Training in accordance with AB1825 (bi-annual)
M. South County Economic Development Council (SCEDC)
N. Sweetwater River Watershed Advisory Panel
O. Urban Water Institute
P. Water Education Foundation

Adopted by Resolution 19-13 on 6/12/19; Revised and Approved 2/26/20
Q. Western Coalition of Arid States (WESTCAS)

Directors’ attendance at educational or legally required training functions of the following organizations shall be approved by the Board as agendized actions:

A. Association of California Water Agencies (ACWA)
B. Association of California Water Agencies – Joint Power Insurance Authority (ACWA/JPIA)
C. Legal Seminars for Public Agencies
D. California Special Districts Association (CSDA) both state and San Diego Chapter
E. Council of Water Utilities (COWU)
F. Local Government Commission
G. National Water Resources Association (NWRA) and Municipal Caucus
H. San Diego County Water Authority (SDCWA)
I. Urban Water Institute (UWI)
J. Water Education Foundation (WEF)
K. Western Coalition of Arid States (WESTCAS)

Attendance at events organized by agencies and/or entities other than the Authority involving tours of, or visits to, local water reclamation, major projects related to water quality and distribution, or other engineering projects during construction or after completion of the project, or attendance at community outreach functions, may also be occasions which constitute the performance of official duties, so long as attendance is approved by the Board as agendized action, either prior to the visit/event or at the next regular Board meeting following the visit/event. Directors may be compensated for attendance and travel for the purpose of visiting such projects or attending such events as approved by the Board. Completion of legally required training functions may be conducted online with an approved vendor of the State of California provided the Director submits a certificate of completion.

The compensation paid to Board members of the Authority for sitting on the Board or acting under its orders shall be as approved by Resolution of the Board and set forth in Policy 510.
POLICY 512 – DIRECTORS’ TRAVEL

POLICY

It is important that the members of the Governing Board (Board) avoid unnecessary risk to Sweetwater Authority (Authority) operations that could result if several members were traveling together in a form of transportation (airplane, bus, automobile, or train) and were involved in an accident.

PROCEDURE

Whenever it is necessary for more than three (3) members of the Board to travel in the same form of transportation to the same destination on Authority business, every reasonable effort shall be made to arrange transportation and schedules to assure that not more than three (3) Directors travel in the same airplane, train, automobile, or bus.

Example: It may be necessary for three (3) Directors to travel on one (1) flight and one (1) or more Directors to utilize a different airline or flight to the same destination to avoid traveling together. In the same fashion, traveling to local meetings in automobiles should be limited to no more than three (3) Directors in the same automobile, as practicable.

It is recognized that there may be circumstances under which separate travel arrangements are not practical, but unnecessary risk that could result in the Authority losing the services of more than three (3) members of the Board is to be avoided.
POLICY 513 – FIELD TRIPS BY DIRECTORS

POLICY

To establish the appropriate manner of conducting field trips to inspect facilities and engage in discussions outside the boundaries of the Sweetwater Authority (Authority), which involve more than a quorum of the Governing Board (Board).

PROCEDURE

Field trips should be noticed as “Meetings” either by adjourning a Regular Meeting to the date of the field trip or by noticing a “Special Meeting.” The description of the field trip should be included in the Notice of Adjournment or Notice of Special Meeting.

The Board may conduct meetings outside of the Authority’s boundaries to comply with state or federal law or court order, or attend a judicial or administrative proceeding to which the Authority is a party; inspect real property; participate in meetings or discussions of multi-agency significance; or meet with elected or appointed officials of the United States or the State. (Government Code § 54954[b])
POLICY 514 – EMAIL, SOCIAL MEDIA, AND OTHER ELECTRONIC COMMUNICATION METHODS

POLICY

To establish guidelines ensuring compliance with the Ralph M. Brown Act (Brown Act) when using email, social media, and other electronic communication methods. The Brown Act prohibits serial, rotating or seriatim meetings which may occur when a majority of members of the Governing Board (Board) or a Committee subject to the Brown Act use a series of communications of any kind outside of a properly noticed meeting, directly or through intermediaries, to hear, discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the Board.

PROCEDURE

A. Board Members and members of any Committee subject to the Brown Act should not use email, social media, or any other means of electronic communication in the following ways:

1. to exchange facts, hear, discuss, deliberate, develop a consensus, or take action among a majority of members of the Board or Committee on any item of business within the subject matter jurisdiction of the Board or Committee; and

2. to communicate with Sweetwater Authority (Authority) staff or any third party to request that such person aid in developing a collective concurrence on an item of business within the subject matter jurisdiction of the Board or Committee.

B. Authority staff should not communicate with a majority of members of the Board or any Committee subject to the Brown Act, to hear, discuss, deliberate, or take any action on any item of business that is within the subject matter jurisdiction of the Board or Committee.

C. Board Members and members of any Committee subject to the Brown Act should use caution to avoid communicating with or to a majority of members while commenting on social media posts, blogging, replying to emails with multiple recipients, texting, linking among social media users, or otherwise communicating about any item of business within the Authority's subject matter jurisdiction.

For additional information concerning communicating with members of the Board, refer to Policy 507, Committees of the Governing Board and Interagency Committees.
POLICY 515 – MASS MAILINGS

POLICY

The Governing Board (Board) must abide by the Political Reform Act and rules of the Fair Political Practices Commission, which set restrictions concerning mass mailings sent at the public’s expense.

PROCEDURE

As provided for in California Government Code Section 89002, Subdivision (a), except as provided in Subdivision (b), below, a mailing is prohibited by Government Code Section 89001 if all of the following criteria are met:

(1) Any item sent is delivered, by any means, to the recipient at his or her residence, place of employment or business, or post office box. For the purposes of this criterion, the item delivered to the recipient must be a tangible item, such as a videotape, record, or button, or a written document.

(2) The item sent either: (a) Features an elected or appointed officer affiliated with the agency which produces or sends the mailing; or (b) Includes the name, office, photograph, or other reference to an elected or appointed officer affiliated with the agency which produces or sends the mailing, and is prepared or sent in cooperation, consultation, coordination, or concert with the elected or appointed officer.

(3) Any of the costs of distribution is paid for with public moneys, or costs of design, production, and printing exceeding $50 are paid with public moneys, and the design, production, or printing is done with the intent of sending the item other than as permitted by this policy.

(4) More than two hundred substantially similar items are sent in a single calendar month, excluding any item sent in response to an unsolicited request and any item described in Subdivision (b), below.

Subdivision (b): Notwithstanding Subdivision (a), above, mass mailing of the following items is not prohibited by Government Code Section 89001:

(1) Any item in which the elected or appointed officer’s name appears only in the letterhead or logotype of the stationery, forms (including “For Your Information” or “Compliments of” cards or stamps), and envelopes of the agency sending the mailing, or of a committee of the agency, or of the elected or appointed officer, or in a roster listing containing the names of all elected or appointed officers of the agency. In any such item, the names of all elected or appointed officers must appear in the same type size, typeface, type color, and location. Such item may not include the elected or appointed officer’s photograph, signature, or any other reference to the elected or appointed officer, except as specifically permitted in this paragraph or elsewhere in this policy.
(2) A press release sent to members of the media.

(3) Any item sent in the normal course of business from one governmental entity or officer to another governmental entity or officer.

(4) Any intra-agency communication sent in the normal course of business to employees, officers, deputies, or other staff.

(5) Any item sent in connection with the payment or collection of funds by the agency sending the mailing, including tax bills, checks, and similar documents, in any instance where use of the elected or appointed officer’s name, office, title, or signature is necessary for the payment or collection of the funds. Such item may not include the elected or appointed officer’s photograph, signature, or any other reference to the elected or appointed officer except as specifically permitted in this paragraph or elsewhere in this policy.

(6) Any item sent by an agency responsible for administering a government program, to persons subject to that program, in any instance where the mailing of such item is essential to the functioning of the program, where the item does not include the elected or appointed officer’s photograph; and where use of the elected or appointed officer’s name, office, title, or signature is necessary to the functioning of the program.

(7) Any legal notice or other item sent as required by law, court order, or order adopted by an administrative agency pursuant to the Administrative Procedure Act, and in which use of the elected or appointed officer’s name, office, title, or signature is necessary in the notice or other mailing. For purposes of this paragraph, inclusion of an elected or appointed officer’s name on a ballot as a candidate for elective office, and inclusion of an elected officer’s name and signature on a ballot argument, shall be considered necessary to such a notice or other item.

(8) A telephone directory, organization chart, or similar listing or roster which includes the names of elected or appointed officers, as well as other individuals in the agency sending the mailing, where the name of each elected or appointed officer and individual listed appears in the same type size, typeface, and type color. Such item may not include an elected or appointed officer’s photograph, name, signature, or any other reference to an elected or appointed officer, except as specifically permitted in this paragraph or elsewhere in this policy.

(9) An announcement of any meeting or event of the type listed in following sub-paragraphs (i) and (ii), provided however that the announcement does not include the elected or appointed officer’s photograph or signature and may include only a single mention of the elected or appointed officer’s name except as permitted elsewhere in this policy:
(i) An announcement sent to an elected or appointed officer’s constituents concerning a public meeting which is directly related to the elected or appointed officer’s incumbent governmental duties, which is to be held by the elected or appointed officer, and which the elected or appointed officer intends to attend.

(ii) An announcement of any official agency event or events for which the agency is providing the use of its facilities or staff or other financial support.

(10) An agenda or other writing that is required to be made available pursuant to Sections 11125.1 and 54957.5 of the Government Code, or a bill, file, history, journal, committee analysis, floor analysis, agenda of an interim or special hearing of a committee of the Legislature, or index of legislation, published by the Legislature.

(11) A business card which does not contain the elected or appointed officer’s photograph or more than one mention of the elected or appointed officer’s name.

Notwithstanding Subdivision (b) above, a mass mailing meeting the criteria in Subdivision (a) may not be sent within the 60 days preceding an election by or on behalf of a candidate whose name will appear on the ballot at that election, except as provided in paragraphs (2) to (8), inclusive, and paragraph (10) of Subdivision (b). (California Government Code Section 89003.)

Definitions: The following definitions shall govern the interpretation of this policy:

(1) “Elected or appointed officer affiliated with the agency”: an elected officer who is a member, officer, or employee of the agency, or of a subunit thereof such as a committee, or who has supervisory control over the agency, or who appoints one or more members of the agency. For purposes of this policy, this term includes all Authority Board members, whether elected to, or appointed by, a member agency of the Authority.

(2) “Features an elected or appointed officer”: the item mailed includes the elected officer’s photograph or signature, or singles out the elected or appointed officer by the manner of display of his or her name or office in the layout of the document, such as by headlines, captions, type size, typeface, or type color.

(3) “Substantially similar” – two items are “substantially similar” if any of the following applies: (i) the items are identical, except for changes necessary to identify the recipient and his or her address; (ii) the items are intended to honor, commend, congratulate, or recognize an individual or group, or individuals or groups, for the same event or occasion, are intended to celebrate or recognize the same holiday; or are intended to congratulate an individual or group, or individuals or groups, on the same type of event, such as birthdays or anniversaries; (iii) both of the following apply to the items mailed: most of the bills, legislation, governmental action, activities, events, or issues of public concern mentioned in one item are mentioned in the other; and most of the information contained in one item is contained in the other.
Enclosure of the same informational materials in two items mailed, such as copies of the same bill, public document, or report, shall not, by itself, mean that the two items are “substantially similar.” Such informational materials may not include the elected or appointed officer’s name, photograph, signature, or any other reference to the elected or appointed officer except as permitted elsewhere in this policy.

An item is only considered substantially similar to other items sent by the same official, not to items sent by other officials in the same agency.

(4) “Unsolicited request” is defined as follows:

(i) A written or oral communication (including a petition) which specifically requests a response and which is not requested or induced by the recipient elected or appointed officer or by any third person acting at his or her behest. However, an unsolicited oral or written communication (including a petition) which contains no specific request for a response, will be deemed to constitute an unsolicited request for a single written response.

(ii) An unsolicited request for continuing information on a subject shall be considered an unsolicited request for multiple responses directly related to that subject for a period of time not to exceed 24 months. An unsolicited request to receive a regularly published agency newsletter shall be deemed an unsolicited request for each issue of that newsletter.

(iii) A previously unsolicited request to receive an agency newsletter or mass mailing on an ongoing basis shall not be deemed to have become solicited by the sole fact that the requestor responds to an agency notice indicating that, in the absence of a response, his or her name will be purged from the mailing list for that newsletter or mass mailing. A notice in the following language shall be deemed to meet this standard:

“The law does not permit this office to use public funds to keep you updated on items of interest unless you specifically request that it do so.” Inclusion of a similar notice in other items shall not constitute a solicitation under this policy.

(iv) A communication sent in response to an elected or appointed officer’s participation at a public forum or press conference, or to his or her issuance of a press release, shall be considered an unsolicited request.

(v) A person who subscribes to newspapers or other periodicals published by persons other than elected or appointed officers shall be deemed to have made unsolicited requests for materials published in those subscription publications.
POLICY 516 – MANDATORY TRAINING

POLICY

Members of the Governing Board (Board) and employees who are designated by the Board, shall receive at least two (2) hours of ethics training every two (2) years, pursuant to the provisions of Government Code Section 53234, et seq. (Government Code § 53235) and at least two (2) hours of sexual harassment prevention training and education every two (2) years pursuant to the provisions of Government Code Section 53237, et seq. (Government Code § 53237.1.)

PROCEDURE

Ethics Training.

Ethics training shall be provided by an agency, an association of local agencies, or other entity, in accordance with criteria approved by the Fair Political Practices Commission and the Attorney General. Ethics training may consist of either a training course or a set of self-study materials with tests, and may be taken at home, in person, or online. (Government Code § 53235.)

The Board Secretary shall provide members of the Board and the designated employees information on the training available to meet these requirements at least once annually. (Government Code § 53235.)

The employees who are designated by the Board to receive ethics training in accordance with this policy are the General Manager, Assistant General Manager, Board Secretary, and all Department Heads. (Government Code § 53235.)

Each Director and designated employee who commences service with Sweetwater Authority (Authority) after January 1, 2006 shall receive the required training within one (1) year from the first date of service with the Authority. Thereafter, said Directors and designated employees shall receive training at least once every two (2) years. (Government Code § 53235.1.)

Directors who serve a local agency other than the Authority are only required to satisfy the requirements of this policy once every two (2) years regardless of the number of agencies they serve. (Government Code § 53235.1.)

All Directors and designated employees shall provide a certificate to the Board Secretary indicating the dates upon which they attended ethics training sessions to satisfy requirements. Said certificate shall also include the entity which provided the training. The Board Secretary shall maintain the records indicating the dates that each of the members of the Governing Board and designated employees satisfied their requirements and the entity which provided the training. These records shall be maintained for at least five (5) years.
after the training and are subject to disclosure under the Public Records Act. (Government Code § 53235.2.)

**Sexual Harassment Prevention Training.**

Sexual harassment prevention training shall be provided by an agency, an association of local agencies, or other entity, in accordance with the requirements of applicable law. Harassment training may include training courses, or sets of self-study materials with tests, to meet the requirements of applicable law. These courses may be taken at home, in person, or online. (Government Code § 53237.1.)

The Board Secretary shall provide members of the Board information on the training available to meet these requirements in writing before assuming office and every two (2) years thereafter. (Government Code § 53237.1.)

Each Director shall receive at least two (2) hours of sexual harassment prevention training and education within the first six (6) months of taking office, and every two (2) years thereafter. (Government Code § 53237.1.)

Directors who serve a local agency other than the Authority are only required to satisfy the requirements of this policy once every two (2) years regardless of the number of agencies they serve. (Government Code § 53237.1.)

All Directors shall provide the training certificate, which providers of training courses are required to provide to participants, to the Board Secretary indicating the dates upon which they attended harassment prevention training sessions to satisfy these requirements. Said certificate shall also include the entity which provided the training. The Board Secretary shall maintain the records indicating the dates that each of the members of the Governing Board satisfied their requirements and the entity which provided the training. These records shall be maintained for at least five (5) years after the training and are subject to disclosure under the Public Records Act. (Government Code § 53237.2.)
POLICY 517 – FINANCIAL POLICIES

Introduction
The purpose of this document is to identify various policies and procedures related to the financial management of the Sweetwater Authority (Authority.) The financial policies are listed below and individually included on the following pages.

Financial Policies

- Budget Policy, page
- Debt Policy, page
- Disclosure Procedures Policy, page
- Investment Policy, page
- Reserve Policy, page
Budget Policy

Introduction

Sweetwater Authority (Authority) Governing Board has adopted a Strategic Plan that includes an objective to ensure the long-term financial viability of the agency. This document addresses this objective by setting forth policies to guide and support the development and implementation of the Authority’s annual budget.

Objectives

The Authority will maintain an annual balanced budget. This means that:

- Operating revenues and the beginning operating fund balance are equal to or exceed operating expenses. Water rates will be evaluated and set via the Budget and Five-year Financial Projection. Revenues that exceed operating expenses and debt service will be used to provide for cash-financed capital projects, supplement reserve funds approved by the Governing Board, and/or offset the following year water rates.
- Capital expenditures will be based on the Authority’s Five-year Capital Projection in conjunction with and guided by the Water Distribution Master Plan, and funded through current revenues, grant funding, or debt financing.
- Reserve fund balances must meet minimum policy levels.

Maintaining a balanced budget will ensure that revenues are sufficient to cover operating and maintenance expenses, fund debt service, maintain liquid reserve levels, and pay capital expenditures.

Budget Document

The budget will serve as the annual financial plan for the Authority. In accordance with the Authority’s Strategic Plan, the budget will represent the annual policy document of the Governing Board for implementing Board goals and objectives and the resources necessary to accomplish those goals and objectives.

The General Manager shall annually prepare and present a proposed budget to the Governing Board no later than the last regular Board meeting in June of each year. The Authority’s annual budget will be presented by department, program, and proposed expenditures. A budget document will be presented for discussion and review by the Board and to receive input from the public. This document will summarize expenses for personnel, operations and maintenance, and capital categories.
Budget Process
The Authority’s budget schedule consists of the following steps:

- Department budget development by Department Heads consistent with goals set forth by the Authority Board in the Authority’s Strategic Plan
- Review of economic, financial, and water resource impacts and development of budget assumptions
- Development of proposed capital program based on relevant master plans
- Board review of the budget following review and recommendations from the Finance and Personnel Committee
- Adoption of the budget by the Governing Board at a public meeting

Budget Control and Accountability
Budget control is maintained at the departmental level. In no case may total expenses of the Authority exceed what is approved by the Governing Board, without a budget adjustment.

Budget accountability rests primarily with the Governing Board and the General Manager.

Budget Adjustments
During the year, if projects or expenditures are needed beyond the adopted budget, the item(s) will be placed on the agenda at the next regular meeting or at a special meeting of the Governing Board. The Governing Board will consider the allocation of additional funds from the reserve funds to cover the costs, if approved.

Capital Plant and Equipment
The annual budget will provide for adequate maintenance and replacement of capital assets. The Authority will develop an annual five-year projection for capital expenditures, including new infrastructure, equipment and improvements. Cost tracking for components of the capital improvement program will be updated regularly to ensure project completion within budget and established timelines.

The development of the capital improvement budget will be coordinated with the development of the operating budget. It is the Authority’s objective to maintain all of its assets at a level adequate to protect the Authority’s capital investments and minimize maintenance and replacement costs.
Debt Management Policy

Policy Goals

This Debt Management Policy (Policy) documents Sweetwater Authority’s (Authority) goals for the use of debt instruments and provides guidelines for the use of debt for financing the Authority’s infrastructure and capital project needs. The Authority’s overriding goal in issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently to maintain a sound fiscal position and protect current and future credit quality. The Authority issues debt instruments, administers Authority-held debt proceeds and makes debt service payments, acting with prudence and diligence, and attention to prevailing economic conditions.

Use of Debt Proceeds

The Authority will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt. The Authority believes that debt can provide an equitable means of financing projects for the Authority’s customers and provide access to new capital for infrastructure and project needs. Debt will be used to finance projects if it: (i) meets the Authority’s goal of equitable treatment of all customers, both current and future; (ii) is the most cost-effective means available to the Authority; and (iii) is fiscally prudent; responsible, and diligent under the prevailing economic conditions.

Objectives

The Policy is designed to:

- Establish parameters for issuing debt;
- Provide guidance on all options available to finance infrastructure and other capital projects;
- Provide guidance on the most prudent, equitable and cost effective method of financing;
- Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance;
- Promote objectivity in the decision-making process; and
- Facilitate the financing process by establishing important policy decisions in advance;
The Authority will adhere to the following legal requirements for the issuance of public debt:

- The laws of the State of California (State) which authorize the issuance of the debt;
- Federal and State laws which govern the eligibility of the debt for tax-exempt status;
- Federal and State laws which govern the issuance of taxable debt; and
- Federal and State laws which govern disclosure, sale, and trading of the debt.

**Internal Controls**

All debt transactions must be approved by the Governing Board. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of 1) safety, 2) liquidity, and 3) yield, and may be held as cash. The Authority’s investment guidelines and the bond indentures will govern objectives and criteria for investment of bond proceeds. The Director of Finance shall comply with arbitrage and tax provisions.

Bond proceeds will be deposited and recorded in separate accounts to ensure funds are not comingled with other forms of Authority funds. The Authority’s Trustee or Fiscal Agent will administer the disbursement of bond proceeds pursuant to each certain Indenture of Trust or Fiscal Agent Agreement, respectively. To ensure proceeds from bond sales are used in accordance with legal requirements, invoices will submitted by the Director of Engineering and approved by the Director of Finance and Management for payment. Requisition for the disbursement of bond funds will be approved by the Director of Finance or designated alternate. Responsibility for general ledger reconciliations and records is segregated from the invoice processing, cash receipting, and cash disbursement functions. The Finance Department will be tasked with monitoring the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the Authority will meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

**Integration with Financial and Capital Planning**

The Authority will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the budgeting and rate setting process.

Necessary appropriations for annual debt service requirements will be included in the Authority’s annual budget.
The Authority utilizes a Five-year Capital Investment Projection based, in part, on relevant Master Plans (Master Plans) to determine its long-term infrastructure and other project needs. The Authority’s Five-year Capital Investment Projection is updated annually and the Master Plans are updated at least every five years or more frequently when necessary. The Authority evaluates each project in relation to established levels of reserves, current rate structure, expected asset life/replacement timeline, and available revenue sources to ensure that adequate financial resources are available to support the Authority’s financial obligations.

The Authority’s Debt Management Policy, Budget Policy, Reserve Fund Policy, and the Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the Authority’s approach to debt management.

- The Authority will evaluate funding for each capital project on a case-by-case basis;
- The Authority will assess whether to pay for such projects from current revenues and available reserves prior to or in combination with the use of debt;
- The Authority will issue debt only in the case where there is an identified source of repayment and bonds will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt;
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the Five-year Capital Investment Projection or Master Plan;
- Water rates will be set at adequate levels, which comply with State law, to generate sufficient revenues to pay all Operating and Maintenance costs, to maintain sufficient operating reserves, and to pay debt service costs;
- Water rates will be set to fulfill bond covenant requirements; and
- Connection fees will be maintained at a level sufficient to finance a portion of growth-related capital costs and cover related annual debt service requirements.

Conditions for Debt Issuance

The following policies formally establish parameters for evaluating, issuing, and managing the Authority’s debt. The policies outlined below are not intended to serve as a list of rules to be applied to the Authority’s debt issuance process, but rather to serve as a set of guidelines to promote sound financial management.
Before issuing debt, the Authority will evaluate the availability of grants and low interest loans before accessing the capital markets.

In issuing debt, the Authority’s objectives will be to:

- Achieve the lowest cost of capital;
- Ensure ratepayer equity;
- Maintain high credit ratings and access to credit enhancement; and
- Preserve financial flexibility.

Standards for Use of Debt Financing

When appropriate, the Authority will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term, and to minimize rate volatility.

The Authority shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life. Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Financing Criteria and Types of Debt

Each debt issuance should be evaluated on an individual basis within the framework of the Authority’s long-term financial plan, as well as within the context of the Authority’s overall financing objectives and current market conditions.

The Authority will evaluate the use of appropriate financial alternatives available as permitted by the State Constitution and applicable State statutes. These alternatives will be considered in order to secure the most cost advantageous financing alternative available while limiting the City’s risk exposure. Types of debt may include, but are not limited to:

- Revenue Bonds;
- Lease Revenue Bonds;
- Certificates of Participation;
- Refunding/refinancing existing debt obligations;
- Short term notes;
- Lease-purchase transactions;
- Loans;
- Letters of Credit and revolving lines of credit; and
- State revolving fund loans.
The Authority will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions. Alternative debt structures include:

*Credit Enhancement* – The Authority will consider the use of credit enhancement on a case-by-case basis and only when clearly demonstrated savings can be realized shall credit enhancement be utilized.

*Cash-Funded Reserve vs. Surety* – The Authority may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The Authority may use guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any Authority debt when it is financially prudent and approved by the Board of Directors.

*Call Provisions* – In general, the Authority’s securities should include optional call provisions. The Authority will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option, and specific approval by the Board.

*Additional Bonds Test/Rate Covenants* - The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and these policies.

*Short-Term Debt* – The Authority may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

*Use of Variable Rate Debt* - The Authority typically will not issue variable interest rate debt but may consider it based on a financial analysis.

*Investment of Bond Proceeds* - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the Authority’s Investment Policy. The Authority will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

**Refinancing Outstanding Debt**

The Director of Finance shall have the responsibility to evaluate potential refunding opportunities. The Authority will consider the following issues when analyzing potential refinancing opportunities:

*Debt Service Savings* – The Authority shall establish a minimum target savings level of at least three (3) percent of the par of debt refunded on a net present value (NPV) basis for a current refunding and a minimum of at least five (5) percent net present
value saving for an advance refunding. This figure will serve only as a guideline; the Authority shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity of outstanding debt;
- Size of the issue;
- Current interest rate environment;
- Annual cash flow savings;
- Value of the call option;
- Meeting unanticipated revenue expectations
- Termination of swaps
- Mitigating irregular debt service payments
- Releasing reserve funds; or
- Removing unduly restrictive bond covenants.

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Authority’s Finance and Personnel Committee and Board of Directors.

*Restructuring* - The Authority may seek to refinance a bond issue on a non-economic basis, in order to: restructure debt; mitigate irregular debt service payments; accommodate revenue shortfalls; release reserve funds; or comply with and/or eliminate rate/bond covenants.

*Term/Final Maturity* – The Authority may consider the extension of the final maturity of any refunding bonds in order to achieve a necessary outcome, provided that such extension is legal, financially prudent, and in the best interest of the Authority’s customers. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The Authority may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.

*Economic versus Legal Defeasance* - When evaluating an economic versus legal defeasance, the Authority shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The Authority shall take all appropriate and reasonable steps to optimize the yield on its refunding escrow investments and avoid negative arbitrage.
Outstanding Debt Limitations

Prior to issuance of new debt, the Authority shall consider and review the latest credit rating agency reports and guidelines to ensure the Authority’s credit ratings and financial flexibility remain at levels consistent with the most highly-rated comparable public agencies.

Method of Issuance

The Authority will determine, on a case-by-case basis, whether to sell its bonds competitively, through negotiation or by private placement.

**Competitive Sale** – In a competitive sale, the Authority’s bonds shall be awarded to the bidder providing the lowest true interest cost, as long as the bid adheres to requirements set forth in the official notice of sale. Condition under which a competitive sale would be preferred are as follows:

- Bond prices are stable and/or demand is strong;
- Market timing and interest rate sensitivity are not critical to the pricing;
- There are no complex explanations required during marketing regarding the City’s projects, media coverage, political structure, political support, funding or credit quality;
- The bond type and structure are conventional;
- Bond insurance is included or pre-qualified (available);
- Manageable transaction size;
- The bonds carry strong credit ratings; or
- Issuer is well known to investors.

**Negotiated Sale** – The Authority recognizes that some bond issues are best sold through negotiation with a selected underwriter. The Authority has identified the following circumstances in which this would likely be the case:

- Issuance of taxable bonds;
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process;
- Market volatility, such that the Authority would be better served by flexibility in the timing of its sale in a changing interest rate environment;
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the Authority;
• As a result of an underwriter’s familiarity with the project/financing, the Authority is able to take advantage of efficiency and timing considerations;

• Marketing timing is important, such as refunding;

• The part amount for the transaction is significantly larger than normal; and

• Demand for the bonds by retail investors is expected to be high.

_Private Placement_ – The Authority may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

**Market Communication, Debt Administration and Reporting Requirements:**

*Rating Agencies* – The Director of Finance shall be responsible for maintaining the Authority’s relationships with Standard & Poor’s Ratings Services, Fitch Ratings and Moody’s Investment Service, and any other agency that provides credit ratings for municipal debt. The Authority may choose to deal with one, two, or all of these agencies as circumstances dictate. In addition to general communication, the Director of Finance: (1) may meet with credit analysts at least once every two fiscal years, and (2) prior to each competitive or negotiated sale, offer conference calls or meetings with agency analysts in connection with the planned sale.

*Observance of Debt Covenants* – The Director of Finance shall periodically, and at least annually, ensure the Authority is, and is expected to remain, in compliance with all legal covenants for each debt issue.

*Board Communication* – The Director of Finance shall include in an annual report to the Board of Directors the status of the Authority’s bond rating. If available, new feedback from rating agencies and/or investors regarding the Authority’s financial strengths and weaknesses and recommendations for addressing any weaknesses will be presented to the Board of Directors.

*Continuing Disclosure* – The Authority shall remain in compliance with Rule 15c2-12(b)(5) by filing its annual financial statements and other financial and operating data for the benefit of its bondholders as covenanted in each debt issue’s Continuing Disclosure Agreement.

*Record-Keeping* – A copy of all debt-related records shall be retained at the Authority’s offices. At a minimum, these records shall include all official statements, bid documents, bond documents / transcripts, resolutions, trustee statements, leases, and title reports for each Authority financing (to the extent available). To the extent possible, the Authority shall retain an electronic copy of each document - preferably in pdf or CD-ROM format.
**Arbitrage Rebate** – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Director of Finance shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; if a rebate payment is due such payment shall be made in a timely manner.

**Engagement of Professionals**

To ensure that the Authority receives appropriate services at a fair price, and to avoid the appearance of conflict of interest, extra caution will be taken when engaging the services of public finance professionals. Before seeking or considering contracts with public finance professionals, the Director of Finance will review the Authority’s Purchasing Policy and the then-current GFOA best practices on the following topics:

- Selecting and Managing Municipal Advisors
- Selecting and Managing the Method of Sale of Municipal Bonds
- Selecting Bond Counsel
- Selecting and Managing Underwriters for Negotiated Bond Sales
- Issuer’s Role in Selection of Bond Counsel

The Director of Finance will report to the Board on a recommended process for determining which professionals are needed, how they will be identified (e.g., request for proposal, or bid), and how their contracts will be developed before being submitted to the Board for approval. Emphasis will be placed on competition, openness, clarity, and avoiding conflicts of interest. The process recommended may be for a period of time, or for a particular financing or set of financings. All engagement letters, contracts, disclosures and opinions will be provided to the Board promptly, and Authority staff will not sign any such documents without prior notification to the Board.

**SB 1029 Compliance**

This policy has been updated in regards to SB 1029 (codified in California Government Code section 8855), signed by Governor Brown on September 12, 2016, that requires issuers to adopt debt policies addressing each of the five items below.

1. The purposes for which the debt proceeds may be used.
2. The types of debt that may be issued.
3. The relationship of the debt to, and integration with, the issuer’s capital improvement program or budget, if applicable.
4. Policy goals related to the issuer’s planning goals and objections.
5. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
Disclosure Procedures Policy

Introduction
The purpose of these Disclosure Procedures Policy (the “Procedures”) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Sweetwater Authority (the “Authority”) so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under federal securities laws.

Objectives
The Authority from time to time issues revenue bonds, notes or other obligations (collectively, “Obligations”) to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission (“SEC”) under those Acts, particularly “Rule 10b-5” under the 1934 Act, as the same may be amended from time to time.)

The core requirement of these rules is that potential investors in Authority Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Authority must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of Obligations, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the Obligations being offered.

When Obligations are issued, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS,” and collectively with the POS, “Official Statement”). The Official Statement generally consists of: (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises in lease financings) and other matters particular to the financing; (ii) a section which provides information on the Authority, including its financial condition as well as certain operating information (“Authority Section”); and (iii) various other appendices, including the Authority’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.
Disclosure Process

When the Authority determines to issue Obligations directly, the Authority’s Director of Finance requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Authority Section) for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the Authority’s Director of Finance and other relevant staff are responsible for reviewing and preparing or updating certain portions of the Authority Section which are within their particular areas of knowledge. Once the draft POS has been substantially updated, the entire draft POS is shared with the Assistant General Manager and General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel and a financial advisor, if one is engaged with respect to the Obligations (the “Municipal Advisor”), assist staff in determining the materiality of any particular item, and in the development of specific language in the Authority Section. Members of the financing team also assist the Authority in the development of a “big picture” overview of the Authority’s financial condition, included in the Authority section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Authority.

The Director of Finance or a member of the financing team, at the direction thereof, schedules one or more meetings or conference calls of the financing team (which includes Authority officials, Authority General Counsel, Bond Counsel and the Authority’s Municipal Advisor, and the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction), and new drafts of the forepart of the draft POS and the Authority Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff and the other members of the financing team to discuss issues which may arise, determine the materiality of particular items, and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes Authority officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters’ counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the Authority’s senior officials. This is referred to as a “due diligence” meeting.
A substantially final form of the POS is provided to the Authority’s Governing Board in advance of approval to afford such Governing Board an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Governing Board, which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Authority Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority officials will execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. General Counsel also provides an opinion letter (generally addressed to the underwriters) advising that information contained in the Authority Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

Authority Section

The information contained in the Authority Section is developed by personnel under the direction of the Director of Finance, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the Authority Section:

- Authority staff involved in the disclosure process are responsible for being familiar with its responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel, or members of the financing team.
team if there are questions regarding whether an issue is material or not.

- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.

- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content, and tone of the sections for which they are responsible at the time of each update.

- The Authority must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations, and its finances.

Training
Periodic training for the staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the Director of Finance. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions, and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel, concerning disclosure obligations, and are encouraged to contact members of the finance team at any time if they have questions.

Annual Budget Adjustments
See Budget Policy

Annual Continuing Disclosure Requirements
In connection with the issuance or execution and delivery of Obligations, the Authority has entered into contractual agreements (“Continuing Disclosure Certificates”) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Authority must comply with the specific requirements of each Continuing
Disclosure Certificate. The Authority’s Continuing Disclosure Certificates generally require that the annual reports be filed within 180 days after the end of the Authority’s fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Director of Finance shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).
Introduction
The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment related activities. The ultimate goal is to enhance the economic status of Sweetwater Authority (Authority) while protecting its funds.

The Governing Board and, upon formal delegation, the Treasurer for Sweetwater Authority, duly authorized to invest Sweetwater Authority monies by California Government Code, are trustees of the Authority’s funds, and therefore, fiduciaries subject to the prudent investor standard.

The investment policies and practices of the Governing Board and Treasurer for the Authority are based upon limitations placed on it by governing legislative bodies. These policies have three primary goals:

- To assure compliance with all federal, state, and local laws governing the investment of monies under the control of the Treasurer.
- To protect the principal monies entrusted to this organization.
- To generate the maximum amount of investment income within the parameters of this Statement of Investment Policy, while meeting the daily cash flow demands of the Authority.

Scope
It is intended that this policy cover all funds and investment activities under the direct authority of the agency, except for the employee's retirement and deferred compensation funds.

Objectives
Safety: It is the primary duty and responsibility of the Treasurer to protect, preserve, and maintain cash and investments placed in his/her trust. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institution default, broker-dealer default, or erosion of market value of securities. The Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral. The objective will be to mitigate credit risk and interest rate risk.
The Authority will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in the Authorized Investment Instruments section of this Investment Policy.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Authority will do business.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The Authority will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

**Liquidity:** The secondary consideration of the Treasurer is to insure an adequate percentage of the portfolio will be maintained in liquid short-term securities, which can be converted to cash if necessary to meet disbursement requirements.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

**Return on Investment:** The third consideration of the Treasurer is to achieve a reasonable return on investment (yield) only after the basic requirements of safety and liquidity have been met.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following
exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

**Market-Average Rate of Return**: The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, state and local laws and ordinances, or resolutions that restrict investments. The Authority's investment strategy is passive (hold investment to maturity). Given this strategy, the market-average rate of return is defined as the average return on six-month United States (U.S.) Treasury bills.

**Diversification**: The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

**Prudence**: The Authority adheres to the prudent investor rule, California Government Code Section 53600.3, which obligates a fiduciary to insure that: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority, 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 Authority. Within the limitations of this section and considering individual investments as part of an overall strategy, investment may be acquired as authorized by law."

**Public Trust**: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

**Maximum Maturities**: To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than two (2) years from the date of purchase.

Reserve funds may be invested in securities exceeding two (2) years (but no more than five (5) years) if the maturity of such investments is made to coincide as nearly as practicable.
with the expected use of the funds.

**Delegation of Authority**

The investment of the Authority's idle monies, pursuant to this policy, is annually delegated to the Treasurer by the Governing Board, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Treasurer may delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. The Treasurer will review all transactions on a regular basis to assure compliance with this Statement of Investment Policy.

**Reporting**

The Treasurer will submit a monthly investment report to the Governing Board. This report will include: type of investment, institution, date of maturity, amount of deposit/par value, book value, current market value of all securities with a maturity in excess of twelve (12) months, rate of interest, statement relating the report to this Statement of Investment Policy, statement that there are sufficient funds to meet the next one hundred eighty (180) days obligations. Additional items listed will also include average weighted yield, weighted average days to maturity and percent distribution to each type of investment and any funds under management by contracted parties.

**Authorized Investment Instruments**

The Authority is governed by the California Government Code Sections 53600, et seq. Within the context of these limitations, the following investments are authorized:

*Managed Pools*: The Authority may invest in the Local Agency Investment Fund pursuant to Government Code Section 16429.1 (LAIF) (maximum determined by state law, currently $50 million), a county treasurer's pooled money fund pursuant to Government Code Section 53684, as well as managed pools rated a minimum of "AA" by one major rating agency, as permitted under California Government Code Sections 53601, et seq. The Treasurer will thoroughly investigate the investment policies and management practices of each investment alternative prior to investing funds as well as perform a detailed quarterly review if funds are ultimately deposited to ensure purchased securities are in compliance with the Government Code. With the exception of LAIF, no more than 20 percent of the Authority's funds may be held by any one pool. The Authority may also invest bond proceeds (if permitted by covenant) in the LAIF.

*Bankers' Acceptances*: The Authority may invest funds in prime self-liquidating bankers acceptances limited to banks rated a minimum of "A" by either Moody's Investor Service, Inc., Standard & Poor's, or Fitch Financial Services, Inc. (Fitch). The maximum investment maturity will be restricted to one hundred eighty (180) days pursuant to Government Code Section 53601 (g). Maximum portfolio exposure will be limited to 20 percent.
**Bank Demand:** The Authority may invest in a bank's savings and/or demand deposit account. These accounts must be covered by Federal Deposit Insurance Corporation (FDIC) regulations of $250,000 per account plus the 110 percent collateral rule (Government Code Section 53652 (a).) The maximum portfolio exposure is limited to five percent.

**Treasury Securities:** The Authority may invest funds in the U.S. Treasury notes and bills for which the faith and credit of the United States are pledged for the payment of principal and interest. Because these investments are the safest possible, there is no maximum portfolio limit. Maximum investment maturities will be restricted to five (5) years. The purchase of zero coupon, strips, or deep discount treasury bonds is not permitted.

**Repurchase Agreements:** The Authority may invest funds (Government Code Section 53601 (j)) in overnight and term repurchase agreements (sweep accounts) with banks or Primary Dealers rated "A" or better by either Moody's Investor Service, Inc., Standard & Poor's, or Fitch with which the Authority has entered into a master repurchase agreement. This agreement will be modeled after the Public Securities Associations master repurchase agreement.

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the Authority. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis by the Treasurer and/or Deputy Treasurer and will not be permitted to fall below 102 percent of the value of the repurchase agreement. Collateral shall not include strips, zero-coupon instruments, or instruments with maturities in excess of five (5) years. The right of substitution will be granted, provided that permissible collateral is maintained.

In order to conform with the provision 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 securities that are U.S. Treasury obligations. The Authority will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy, insolvency, or other default of the counterparty. Maximum portfolio will be limited to 20 percent and maturities that do not exceed one (1) year.

**Certificates of Deposit:** The Authority may invest funds in collateralized and/or insured (FDIC) negotiable certificates of deposits issued by commercial banks and savings and loans. A written depository contract is required with all institutions that hold the Authority's deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the Authority, even though they are permitted in Government Code Section 53651 (m). All banks are required to provide the Authority with
a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652 (a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

No bank that has a Moody's Investors Service, Inc., Standard and Poor's, or Fitch rating less than "A" shall receive Authority funds.

All banks which have accounts of the Authority in excess of $250,000 are required to provide annual information regarding compliance to the Community Reinvestment Act. Banks are required to maintain a minimum rating of "satisfactory" as defined under the Financial Institutions Recovery Reform and Enforcement Act.

Pursuant to Section 53638 of the California Government Code, any deposit shall not exceed that total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

Maximum portfolio exposure is limited to 30 percent. Maximum investment maturity will be restricted to five (5) years.

*Placement Service Certificates of Deposit:* The Authority may invest in certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The combined maximum portfolio exposure to Placement Service Certificates of Deposit and Negotiable Certificates of Deposit is limited to 30 percent.

*Agencies:* The Authority is permitted to invest in the obligations, participations, or other instruments of the following discount and coupon security issuers: Small Business Administration (SBA), Farm Credit Consolidated System (FCCS); Federal Home Loan Banks (FHLB); Federal Home Loan Mortgage Corporation Obligation (FHLMC PC); Government National Mortgage Association (GNMA); Federal National Mortgage Association (FNMA); Federal Farm Credit Bank (FFCB); Tennessee Valley Authority (TVA); and Federal Land Bank (FLB). Maximum maturity is limited to five (5) years. Maximum portfolio exposure is limited to 70 percent.

*Money Market Funds:* Composition of the fund is limited to investments that are authorized by this Statement of Investment Policy. Funds must have the highest rating (AAA) by two of the three largest nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five (5) years' experience investing in the securities and obligations authorized by this investment policy.
and with assets under management of 500 million dollars ($500,000,000). Any fund shares purchased will not include any type of commission (Government Code Section 53601 (l)). Maximum portfolio exposure is limited to 20 percent.

**Commercial Paper.** Investment is limited to the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet either one of the following criteria:

- The corporation shall be organized and operating within the United States; shall have total assets in excess of five hundred million dollars ($500,000,000); and shall issue debt other than commercial paper, if any, that is rated "A" (Government Code Section 53601 (h)) or higher, or the equivalent, by a nationally recognized statistical-rating organization.

- The corporation shall be organized within the United States as a special purpose corporation, trust, or limited liability company; have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally rated statistical-rating organization.

Eligible commercial paper may not exceed two hundred seventy (270) days maturity nor represent more than 25 percent of the Authority’s total investment portfolio, and no more than 10 percent of outstanding commercial paper may be purchased from any single issuer (Government Code Section 53601 (h)).

**Joint Powers Authority:** The Authority may invest funds in shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, provided that the joint powers authority issuing shares has retained an investment advisor who is registered or exempt from registration with the Securities and Exchange Commission, has assets under management in excess of $500,000,000 and has at least five (5) years of experience investing in securities authorized under Government Code Section 53601. No more than 20 percent of the Authority’s funds may be held by any one pool.

**Authorized Investment Instruments – Bond Proceeds**

All investment types listed above are authorized investments for bond proceeds with the addition of the following:

**Collateralized Guaranteed Investment Contracts (GICs)/Full Flex Repurchase Agreements:** Investment of funds in GICs is permitted, pursuant to Section 5922 of the Government Code, when collateralized by U.S. Government guaranteed and direct obligation securities. Collateral must be held by a third party institution, and must be marked to market on a weekly basis to a minimum of the value of the outstanding balance of the contract. The maximum maturity date on a GIC is limited to the final maturity date of the bonds being
issued.

*Initially Uncollateralized Guaranteed Investment Contracts (GICs):* Investment of funds in GICs which are not initially collateralized is permitted, pursuant to Section 5922 of the Government Code, only if (a) the term of the GIC does not exceed three (3) years, (b) the counterparty to the GIC is rated in the highest long-term rating category by Moody's Investors Service, Inc., Standard & Poor's, and Fitch (or whose payment obligations under such GIC are insured or guaranteed by an entity the unsecured obligations of which are so rated), and (c) the GIC requires that it be collateralized as described above in the event the counterparty's rating is downgraded below the highest long-term rating category by either Moody's Investors Service, Inc., Standard & Poor's, or Fitch.

*Local Agency Investment Fund (LAIF):* The Authority may also invest bond proceeds in LAIF. There is no limit on the amount of bond proceeds that may be deposited in the fund. Liquidity for bond proceeds, pursuant to fund regulations, is thirty (30) calendar day increments from the date of the initial deposit. Bond proceeds deposited in LAIF should be managed to include a ninety (90)-day review by the Treasurer to insure safety, as well as probable income.

In the event that a conflict arises between the bond covenants and this Statement of Investment Policy, the following will guide the (re)investment of bond proceeds: when the Statement of Investment Policy is more conservative than the bond covenants, the Statement of Investment Policy will prevail; if the bond covenants are more conservative than the Statement of Investment Policy, the bond covenants will prevail.

**Derivatives**

A derivative is defined as a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index, or reference rate. The purchase of yield curve notes, interest only, principal only, range notes, and inverse floaters are prohibited (this list is not intended to cover all types of securities and is presented as an example of the types of securities that should be avoided). Callable bonds or notes are permitted investments. No security will be purchased that could result in a zero interest accrual if held to maturity.

**Portfolio Limitations**

The total dollar amount of bond proceeds invested in Investment Pools, U.S. Treasury Notes, and investment contracts are to be excluded from the total used to calculate percentages for investment types. The weighted average days to maturity of the total portfolio excluding GNMA investments shall not exceed five hundred forty (540) days to maturity.

In the event that the percentage limits attributable to each security type are violated due to a temporary imbalance in the portfolio, the Treasurer will make a determination as to the
appropriate course of action. The appropriate course of action may be to liquidate securities to rebalance the portfolio or to hold the securities to maturity in order to avoid a market loss. Portfolio percentages are in place to ensure diversification of the investment portfolio and as such a small temporary imbalance would not violate this basic tenet. When a portfolio percentage is exceeded, the Treasurer will report the violation in the Treasurer's Report at the next regularly scheduled Board meeting, with detail of the strategy determined to address the imbalance, for Board ratification.

In the event that an investment originally purchased within policy guidelines is downgraded by any one of the credit rating agencies, the Treasurer shall report it at the next regularly scheduled Board meeting.

Other Considerations
When securities of like credit quality, maturity, and price are available, it is the policy of the Authority's Governing Board to invest in securities issued by domestic based entities.

Ineligible Investments
Investments not described herein, including but not limited to, common stocks, futures, and option-writings, are prohibited from use in this portfolio. The use of short positions is also prohibited.

Internal Controls
A system of internal controls shall be established and documented in writing by the Treasurer. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority. Controls deemed most important include: control of collusion, separation of duties and administrative controls, separating transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, management review and approval of investment transactions, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized Investment Officials, documentation of transactions, and strategies and code of ethic standards. The Treasurer will establish an annual process of independent review by an external audit firm. This review will provide assurances of strong internal controls by reviewing compliance with previously established policies and procedures; the result of this review will be part of the annual audit report to the Governing Board.

Qualified Banks and Securities Dealers
The Authority shall conduct business only with banks, savings and loans, and registered investment securities dealers. The Authority's staff will conduct business with institutions that agree to abide by the conditions set forth in the Authority's Investment Policy. All brokers and/or dealers must sign the appropriate Information Request Form.
A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of $10,000,000 and at least five (5) years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the [entity's] investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the investment officer.

A current audited financial statement is required to be on file for each financial institution and broker/dealer authorized to provide investment services to the Authority.

Risk Tolerance

The Authority recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in the selection of securities, as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by investing to a shorter term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied on a more cost-effective basis. Loss of principal
will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The Authority strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the six-month Treasury bill yield. Any level of return above this measure should be reviewed in order to ensure that such investments meet the criteria previously specified.

In addition to these general policy considerations, the following specific policies will be strictly observed:

- All transactions will be executed on a delivery-versus-payment basis except for purchase of certificates of deposit when purchased through a registered investment securities dealer.
- A competitive bid process (two or more brokers/dealers), when practical, will be used to place all investment purchases and sales.

Safekeeping and Custody

To protect against potential losses caused by the collapse of a security dealer(s), all book-entry securities owned by the Authority, including repurchase agreement collateral, shall be kept in safekeeping with "perfected interest" by a third party bank trust department, acting as agent for the Authority under the terms of a written custody agreement executed by the bank and by the Authority. All securities will be received and delivered using standard delivery-versus-payment procedures.

Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales and should avoid transactions that might impair public confidence.

Review by Governing Board

This Investment Policy shall be reviewed and submitted annually to the Governing Board to be adopted by resolution.
GLOSSARY OF TERMS

Average weighted yield - The accumulative yield of each security weighted by the security's dollar value as compared to the total value of all the securities.

Bankers' Acceptance - A letter of credit is issued in a foreign trade transaction. For example, a U.S. corporation planning to import goods from abroad will ask its bank to issue a letter of credit on behalf of the corporation in favor of the foreign supplier. Upon receipt of this letter and draft, the supplier will ship the goods and present the draft at its bank for discounting. The foreign bank then forwards the draft to its U.S. correspondent. The draft is stamped "accepted" with the U.S. bank incurring an obligation to pay the draft (now a bankers' acceptance) at maturity. Initial maturities range from thirty (30) to two hundred seventy (270) days, but the short-term ninety (90)-day acceptance is the market standard.

Book-entry securities - Securities that are purchased, sold, and held with electronic computer entries rather than transfer of physical certificates.

Broker - A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Callable Bonds or Notes - Bonds or Notes may be repurchased at the option of the issuer within a specified period at a specified price. Early redemption of high-coupon bonds and/or notes occurs whenever interest rates subsequently decline (i.e., thirty (30)-year GNMA Notes).

Certificate of Deposit (CD) - A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

Collateralization - The act of securing or guaranteeing the discharge of an obligation with anything such as stocks or bonds.

Commercial Paper - Negotiable corporate debt, usually unsecured, and issued on a continuous basis for short time frames.

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

Deep Discount Treasury Bonds - A price well below par or a security selling at a price well below par (i.e., 90 percent).

Delivery-versus-payment basis - Funds are not wire-transferred until the securities are delivered. If the transfer is accomplished through the federal wire system, the investor is
notified before cash is released. If a third party acts as custodian, funds are released by the custodian or the customer only when delivery is accomplished.

Derivatives - A financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index, or reference rate.

Liquid short-term securities - A security which is instantly negotiable at par value. A checking account, demand deposit, money market funds, and state investment pools with check-writing features are very liquid.

Liquidity - The ability to convert securities into cash on short notice. Liquidity incorporates a security holder's ability to sell an instrument without significant loss, as well as other factors that might expedite quick exchange for cash.

Market Value - The price that a security can be expected to bring when sold in a given market.

Market-average rate of return - The average return on a six-month U.S. Treasury Bill.

Option-writing - To supplement income generated from a bond portfolio, an option against securities held in the portfolio is written (sold).

Perfected Interest - In the event of a default of a repurchase agreement by the dealer, you have the first right of liquidity.

Prime self-liquidating bankers' acceptance - The bankers' acceptance will be liquidated at maturity from the proceeds of the sale of goods which distinguishes self-liquidating acceptance from those used only to finance inventories.

Prudent Person Rule - An investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Repurchase Agreement (Repo) - A contractual transaction between an investor and an issuing financial institution (bank or securities dealer). The investor exchanges cash for temporary ownership or control of collateral securities, with an agreement between the parties that, on a future date, the financial institution will repurchase the securities. The investor receives interest during the term of the repurchase agreement as agreed at the time of the investment transaction.

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 markets - The market for trading already issued outstanding securities.
Strips - A book-entry ownership of separate segments (interest and principal payments) of certain Treasury Bonds and their coupons.

Sweep - A daily transfer of available cash balances from a demand deposit (checking) account to an interest-earning vehicle such as an overnight repurchase agreement.

Treasury Bills - A short-term obligation of the U.S. Treasury having a maturity period of one (1) year or less and sold at a discount from face value.

Treasury Notes - An intermediate-term obligation of the U.S. Treasury having a maturity period of one (1) to ten (10) years and paying interest semiannually.

Weighted average days to maturity - The accumulative days of each security between the reporting date and maturity of the security weighted by the security’s dollar value as compared to the total value of all the securities.

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.

Zero coupon - A bond without current interest coupons sold at a substantial discount from par that provides its return to investors through accretion in value at maturity.
Reserve Policy

Introduction

This Reserve Policy (Policy) documents the Sweetwater Authority’s (Authority) use and safekeeping of reserve funds. 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 Sweetwater Authority (Authority) will at all times strive to have sufficient funding available for its operations to meet its operating, capital, and debt service obligations. Reserve Funds (Reserves) will be accumulated and maintained to allow the Authority to fund these needs and avoid significant customer rate fluctuations due to changes in cash flow requirements.

The Policy directives outlined in this document are intended to ensure the Authority has sufficient funds to meet current and future needs to maintain continuing operations. The Board of Directors of the Authority (“Board”) shall designate specific reserve accounts and maintain minimum reserve balances consistent with the Fund definitions and funding levels outlined in the Policy. The Board will annually review the level of Reserves. For the purposes of compliance with this Policy, the Authority may use the amounts on deposit in the Reserves as of the final day of each fiscal year for such calculations.

Through certain policy documents and plans, the Authority has set forth a number of long-term goals for its operations. A fundamental purpose of the Authority’s policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so.

Definitions

There are two general types of Reserves:

I. RESTRICTED RESERVES: Restrictions on the use of these funds are imposed by an outside source such as creditors, contracts, grantors, contributors, laws, or regulations governing use.

II. DESIGNATED RESERVES: Established by action of the Board to ensure financial flexibility and stability, including stable customer charges and rates from year to year, and for future capital needs, including both new and replacement projects. DESIGNATED Reserves may be funded from accumulated revenues and grants.
General Provisions

The Authority may maintain its Reserves in separate, designated sub-accounts in a clearly identifiable manner that provides transparency to its ratepayers. The Reserves and related Policy are necessary to maintain a prudent financial position and adequately provide for:

- Compliance with applicable statutory requirements
- Financing of future capital facilities and repair and replacement of existing assets
- Maintenance or improvements in credit ratings
- Cash flow requirements
- Economic uncertainties, fluctuations in local water runoff, local disasters, and other financial hardships or downturns in the local or national economy
- Contingencies or unforeseen operating or capital needs
- Contractual obligations

In assessing the funding of future capital facilities and maintaining and replacing existing assets, the Authority will analyze the benefits and tradeoffs of utilizing pay-as-you-go and/or debt financing and determine the optimal funding strategy. The analysis should consider the Authority’s current and projected liquidity level. The Authority may measure its liquidity position by calculating “days cash” (the number of days of current or upcoming annual expenses in available Reserves). Additionally, the Authority may include, when appropriate, any lines of credit, revolving loans, or other such similar loan structure, or commercial paper (“Liquidity Facility”) that permits the Authority to borrow money for operating expenses to calculate its liquidity position.

The Authority will separate and hold moneys that are legally restricted in Restricted Reserves such as reserves required by bond covenants. There are currently no Restricted Reserve accounts.

The Authority will separate and hold moneys that are not legally restricted into unrestricted accounts and funds. These are the Authority’s Designated Reserves.

Interest income may be credited to the fund on which it was earned until the fund’s maximum balance is achieved. Once the maximum balance is reached within a specific reserve fund, the surplus interest earnings will be reallocated to other reserve funds whose funding level is below the minimum or maximum requirement recommended by this Policy.

The Board shall approve any reallocation of funds or any transfers among Reserves.
Reserve Target Levels and Management

Reserve balances will be reviewed, at a minimum, on an annual basis to ensure compliance with this Policy. The Board will make a determination regarding the reallocation of excess monies in the event the Reserve balances exceed the established maximum.

The minimum established for each Reserve represents the baseline financial condition that is acceptable to the Authority from risk and long-range financial planning perspectives. Maintaining Reserves at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: fees and charges, energy usage, capital financing, investment of funds, and levels of capital expenditures.

RESTRICTED RESERVES

Water Revenue Bond 2017A
The Authority issued the Water Revenue Bond 2017A on December 12, 2018. Proceeds from this debt issue were deposited in a reserve account for use as described in the bond covenant.

DESIGNATED RESERVES

The balance in the Designated Reserves will fluctuate depending on annual operating expenses and capital assets. To establish and preserve its credit ratings and prudent financial operations, in every fiscal year the Authority will strive to maintain Designated Reserves equal to a minimum of 60 days of annual operating expenses. Should the Authority determine to target a higher credit rating level, these minimums will be adjusted accordingly.

Vista del Lago

This reserve was established in the early 1980s, and includes an original payment of $80,000 from the developer of the Vista del Lago subdivision near Sweetwater Reservoir. Charges to the reserve include the operation, maintenance, and rehabilitation of a catch basin/interceptor tank and pump station built by the developer as a condition of the subdivision for the purpose of preventing "first flush" and low-flow runoff from entering Sweetwater Reservoir.

Sweetwater River Watershed Land Acquisition

The South Bay Irrigation District (SBID) transferred $703,611 on October 29, 2018 to the Authority based on an agreement between the two agencies dated October 9, 2018. At that time, the funds transferred remained unallocated pending Board designation. Subsequently,
the Board designated the funds to establish a Sweetwater River Watershed Land Acquisition reserve on June 12, 2019 with the adoption of the FY 2019-20 Budget. The funds are designated for the purchase of property in the Sweetwater River Watershed as directed by the Board for the ultimate protection of source water and habitat.

**Debt Service**

The balance in the Debt Service reserve is available for annual debt payments upon approval by the Board. Maintaining a fund balance in the Debt Service reserve is voluntary and not required by the Authority’s debt covenants. The Board transferred $1,198,771 from the Debt Service reserve to the newly designated National City Wells Water Quality Improvement Project reserve on June 12, 2019 with the adoption of the FY 2019-20 Budget. The Debt Service reserve may contain a minimal balance periodically to conduct the annual debt and principle payments on the Water Revenue Bonds Series 2016A and 2017A.

**Sweetwater Dam Probable Maximum Flood and South Spillway Improvements (Sweetwater Dam PMF Project)**

Pursuant to Board action on November 9, 2016, the Board designated the Sweetwater Dam PMF Project reserve and transferred the Administration and Operations Center Office, the Source of Water Supply, and Grant Funding reserve balances to this newly created reserve specifically to fund the Sweetwater Dam PMF Project as required by State of California Division of Safety of Dams. The funds in this reserve were designated by the Board to fund the Authority’s portion of the remaining costs of the Reynolds Desalination Facility Phase II Expansion project and to fund the entirety of the Sweetwater Dam PMF Project. The Board transferred $801,229 from the Sweetwater Dam PMF Project reserve to the National City Wells Water Quality Improvement Project reserve on June 12, 2019 with the approval of the FY 2019-20 Budget.

**National City Wells Water Quality Improvement Project**

The Board designated the National City Wells Water Quality Improvement Project reserve and funded this reserve with a transfer of $2,000,000 from the Debt Service reserve ($1,198,771) and the Sweetwater Dam PMF Project reserve ($801,229) on June 12, 2019 with the adoption of the FY 2019-20 Budget. This reserve is designated to fund the National City Wells Iron and Manganese Removal project to improve the aesthetic quality of the National City Wells water.

**Administration and Operations Center Office**

The Governing Board approved in the FY 1995-96 budget the creation of a 15-year sinking fund reserve for purchasing property and constructing a new office building and Operations Center for Administrative and Operations staff. This was in response to the City of Chula Vista’s desire to acquire the Authority’s Distribution and Administration office properties for
future development. On November 9, 2016, the Board approved the transfer of the entire $2,823,273.16 balance in this reserve to the Sweetwater Dam PMF Project. The Administration and Operations Center Office reserve is currently unfunded.

*Rate Stabilization Reserve*

On June 13, 2018 the Authority established a Rate Stabilization Reserve to accumulate funds to mitigate increases in the amount of the Municipal and Industrial (M&I) wholesale water that must be purchased from the San Diego County Water Authority (SDCWA). Conditions that require the Authority to purchase water from SDCWA include:

- Local water supply is not available
- Unplanned treatment facility downtime

The Board developed the Wholesale Water Purchase Pass-through Rate for its Wholesale Water Purchase Pass-through Charge to cover M&I wholesale water purchase costs from SDCWA, and to build a Rate Stabilization Reserve to mitigate against future fluctuation due to reduced local water supply. This Wholesale Water Purchase Pass-through Rate will be set at a maximum amount not to exceed the rate imposed by SDCWA for purchasing such M&I wholesale water.

The actual Wholesale Water Purchase Pass-through Rate charged by the Authority can fluctuate from year-to-year based on the availability of the Authority’s local water supply that includes surface and ground water reservoirs, as well as the amount deposited in the Rate Stabilization Reserve. For example, if the Authority has sufficient local water supply and does not need to purchase M&I wholesale water from SDCWA, and has achieved its Rate Stabilization Reserve target, the Authority shall not charge the Wholesale Water Purchase Pass-through Charge. The Authority shall not be permitted to charge the Wholesale Water Purchase Pass-through Charge at a rate that exceeds the maximum Wholesale Water Purchase Pass-through Rate adopted by the Board.

Once established, the Rate Stabilization Reserve will be available, subject to criteria set forth by the Board within this policy, to meet a portion of the Authority’s revenue requirement and to smooth out rate impacts to customers caused by fluctuations in local water supply. The Rate Stabilization Reserve balance is maintained by adjusting the Wholesale Water Purchase Pass-through Rate in response to variations in the amounts of annual M&I wholesale water purchases. This established methodology results in the potential to mitigate multi-year droughts and smooth rate impacts to customers.

The Board sets the minimum and maximum Rate Stabilization Reserve balance as follows:

1. The minimum Rate Stabilization Reserve balance (Minimum Balance) is established with each annual budget and is equal to the volume of M&I wholesale water purchases for a six month period multiplied by the most current SDCWA Treatment Rate and rounded to the nearest one-hundred thousand.

2. The maximum Rate Stabilization Reserve balance (Maximum Balance) is
established with each annual budget and is equal to the volume of M&I wholesale water purchases required for a 24 month period when no surface reservoir water is available multiplied by the most current SDCWA Melded Untreated M&I Supply Rate and Transportation Rate, rounded to the nearest one-hundred thousand.

The Board authorizes accumulation of funds in the Rate Stabilization Reserve as follows:

1. On an annual basis, any excess funds collected by the Wholesale Water Purchase Pass-through Charge will be deposited in the Rate Stabilization Reserve. Prior to any adjustment of the Wholesale Water Purchase Pass-through Rate in response to a change in future M&I wholesale water purchases, the collection of the Wholesale Water Purchase Pass-through Charge will continue at an amount necessary to achieve and maintain the Maximum Balance. The Wholesale Water Purchase Pass-through Rate will not be increased solely to achieve the Maximum Balance, but may be increased to maintain the Minimum Balance. Once the Maximum Balance is attained, the Wholesale Water Purchase Pass-through Rate will be adjusted commensurate with the Wholesale Water Purchase Pass-through revenue requirement.

The Board authorizes use of funds from the Rate Stabilization Reserve as follows:

1. Up to 50% of the available Rate Stabilization Reserve may be utilized in any single year to mitigate increases in the Wholesale Water Purchase Pass-through Rate when the Authority is required to purchase more M&I wholesale water than projected in order to meet customer demands. The 50% limitation allows use of the Rate Stabilization Reserve in the event of a subsequent consecutive year of M&I wholesale water purchases above projections. The Rate Stabilization Reserve balance will not be drawn down below the minimum balance to offset the M&I wholesale water purchase pass-through revenue requirement.

The Rate Stabilization Reserve may be used in the event of unplanned treatment facility downtime to cover the necessary costs to purchase treated water during the time the facility is unable to treat water. The Rate Stabilization Reserve balance may be drawn down below the minimum balance to offset treated water purchases that are a result of treatment facility failures.

Grant Funding
The Grant Funding reserve is established to pay for reimbursable capital investment expenditures on various projects that are awarded federal, state, and local grant funding. All the future reimbursements pertaining to the respective grant agreements will replenish the Grant Funding reserve when they are received by the Authority. The Grand Funding reserve is currently unfunded.

Other Temporary Funds
From time-to-time other temporary funds may be established by the Board.
Construction Fund
The purpose of the Construction Fund is to carryover unspent capital funds to the following fiscal year. Funds are only carried over for projects that are budgeted for the following year.

Operating Fund
The purpose of the Operating Fund, also commonly termed the “General Fund,” is to provide working capital for the annual Capital Investment Budget and bond coverage. The Operating Fund also provides the working capital to fund day-to-day operations and water purchases.

The Authority's guidelines are to maintain the Operating Fund at a target prescribed in the annual Five-Year Projection. The Operating Fund will be targeted to maintain a minimum reserve equivalent to two months of operating expense. Water rates are set annually to achieve this targeted minimum ending balance; however, it is acknowledged that this fund balance will fluctuate from month-to-month and year-to-year.

Investment Guidelines
The Authority will manage the funds and moneys described herein in accordance with its Investment Policy.

Delegation of Authority
The Board has sole authority to amend or revise the Reserve Policy. Through approval of this Policy, the Board has established written procedures for staff to follow in the management of the Authority’s reserves.
POLICY 518 – GENERAL MANAGER PERFORMANCE MANAGEMENT

POLICY

The Board recognizes the importance of managing and monitoring performance of the General Manager (Manager) to ensure the organization is successful and well managed.

In consultation with the Manager, the Board will establish performance expectations which are in alignment with the organization’s Strategic Plan.

Performance expectations may include managerial behaviors and competencies, goals the Board expects to be accomplished, and professional development goals for the Manager.

The Board will establish the rating period, format, and process by which performance expectations will be established and evaluated.

PROCEDURE

Developing the Performance Plan: At the beginning of the Manager’s rating period, the Board will review performance expectations with the Manager to ensure that expectations are clear, unambiguous, and clearly documented. A Performance Plan will be created in a format established by the Board and may include:

- Managerial Competencies and Behaviors,
- Work Plan Goals which are typically annual goals but can be longer term, and
- Professional Development Plan activities or goals for improvement or growth.

While the Managerial Competencies and Behaviors may remain unchanged from year to year, the Work Plan Goals and the Professional Development Goals are created each year and may be annual or longer term as established by the Board.

The Board will ask the Manager to develop and present proposed goals consistent with the Strategic Plan for the upcoming rating period for discussion and concurrence or modification by the Board. The Board may also ask the Manager to present professional development goals for the coming year.

Monitoring Performance: Performance feedback and documentation is important throughout the entire evaluation period. Regular conversations between the Board and the Manager, such as monthly or quarterly, regarding performance should occur as necessary. The Manager, with the Board’s concurrence, should develop a reporting system sufficient to provide the Board with information related to performance goals and expectations.
**Performance Evaluation Discussion:** The Board will conduct a formal written review of the Manager annually to summarize and document performance and accomplishments. The Board, in its discretion, may conduct a mid-year performance review at a time determined by the Board to enhance communication and review progress to-date on goals and action plans as needed.

The Board will ask the Manager to prepare and submit a self-review prior to the Board conducting its assessment. The Board may engage in an interactive discussion with the Manager regarding accomplishments completed and challenges encountered. The Board and the Manager may also begin the discussion of the next year’s Work Plan Goals and professional development goals.

**Performance Evaluation Document:** The Board will finalize the Performance Evaluation in the format established by the Board, provide a copy of the evaluation to the Manager, and maintain a copy in the Manager’s personnel file. The Performance Review/Evaluation process should be completed within thirty (30) days after the close of the rating period or as close to that schedule as practical.

**Establish Next Rating Period Goals:** The Board will establish a date by which the Manager should develop and submit proposed work plan goals and professional development goals for the next rating period for review and concurrence or modification by the Board.

**ATTACHMENTS**

- Performance Management Plan/Evaluation and Self Review
- Guide for Managing Employee Performance
SWEETWATER AUTHORITY

“The mission of Sweetwater Authority is to provide its current and future customers with a safe and reliable water supply through the use of the best available technology, sound management practices, public participation and a balanced approach to human and environmental needs.”

GUIDE FOR MANAGING EMPLOYEE PERFORMANCE

This Guide is intended to assist Directors in implementing the Performance Management Plan for the General Manager (Manager).

A. PERFORMANCE PLANNING - CREATING THE PERFORMANCE PLAN

It is important to focus on performance management at the beginning of the Manager’s rating period so that expectations for performance are clear, unambiguous, and clearly documented. The Board should convene a meeting with the Manager to discuss the Performance Plan for the coming rating period.

The Performance Plan has three (3) elements which make up the Board’s expectations related to performance. These include:

1. Managerial Competencies and Behaviors;
2. Work Plan Goals, which are typically annual goals but can be longer term, and
3. Professional Development Plan activities or goals for improvement or growth.

While the Managerial Competencies and Behaviors may remain unchanged from year to year, the Work Plan Goals and the Professional Development Goals are created each year.

1. Managerial Competencies and Behaviors

The Board has established Managerial Competencies and Behaviors for the Manager position. During the Performance Plan meeting, the Board should review these competencies and behaviors with the Manager and discuss the relevance to SWA’s mission, goals, and values.

2. Writing SMART Goals/Objectives

Goal setting is an important element of the performance management plan. The Board and the Manager should actively participate in the process of goal-setting so that meaningful and relevant goals are developed for the subsequent appraisal period. Goals should be specific, measurable, achievable, relevant to SWA’s Strategic Plan, and be time-bound (have deadlines for achieving).

Performance goals/objectives are the basis from which employee performance is measured. The written performance review at the end of the rating period should reflect how well the employee performed against the previously established goals and objectives.
GUIDE FOR MANAGING EMPLOYEE PERFORMANCE

Following are guidelines the Board and the Manager may use in establishing goals:

- **Specific**: Objective and precise language is essential when developing performance goals and objectives. Use terms and descriptions that have clear, mutually understandable meaning. Detailed points rather than vague descriptions are important for clear understanding and documentation.

- **Measurable**: Goals and objectives should be written so that accomplishment, non-accomplishment or degrees of accomplishment can be objectively measured.

- **Achievable**: Goals and objectives which are too high or too rigid may actually inhibit an employee’s performance. Individuals may become discouraged and give up if they perceive expectations to be unattainable. Goals and objectives should be given reasonable time frames, circumstances, and departmental/unit expectations.

- **Relevant**: Goals and objectives should be based on important and meaningful responsibilities of the job; be results/action oriented. Goals or objectives should link the employee’s goals to SWA’s Strategic Plan.

- **Time-bound**: A specific period of time for accomplishment should be identified with each goal and objective.

3. **Identify Professional Development Plans**

Continued professional growth and development is a desirable element of an effective performance management plan. The Board and the Manager have a mutual interest and obligation to engage in performance development discussions. Highly motivated and competent employees contribute to the success of SWA, as well as to the professional and personal satisfaction of the individual employee. The Board should use the initial Performance Planning meeting to ask the Manager about his/her career development goals and interests. The Board and Manager should mutually agree on a plan of action, which may include both development activities offered by the agency, as well as those the Manager will pursue as a personal commitment to his/her professional growth.

**B. ON-GOING MONITORING AND FEEDBACK**

Performance feedback and documentation is important throughout the entire evaluation period. Regular conversations between the Board and the Manager, such as monthly or quarterly, regarding performance should occur as necessary. The Manager, with the Board’s concurrence, should develop a reporting system sufficient for the Board to be able to monitor progress toward performance goals and expectations.

**C. THE PERFORMANCE REVIEW/EVALUATION PROCESS**

1. **Frequency and Schedule**

An annual, formal written review is generally sufficient to summarize and document the informal discussions regarding performance that (hopefully) have occurred over the evaluation period. The Board, in its discretion, may want to engage in a mid-year performance review to enhance communication and review progress to-date on goals and action plans as needed. This would also afford the Board and the Manager to
discuss course change due to unanticipated events or circumstances and/or changes in priorities.

The Performance Review/Evaluation process should be completed within thirty (30) days after the close of the rating period or as close to that schedule as is practical.

Assuming a Performance Plan is in place with established Goals, the following is a recommended Review Process. At the beginning of the process, the Chair should establish a schedule for completing each step in the process.

2. **Self Review**

At the end of the rating period, the Board Chair should request that the Manager independently prepare his/her own Self Review for that rating period, and provide it directly to the Chair, within the time period specified by the Chair.

3. **Director's Individual Draft Evaluations**

The Self Review should be distributed confidentially to Board members, along with a Performance Evaluation Form for each Board member to complete independently and submit to the Chair. The Chair should compile the individual forms and distribute a complete set to all Board members.

4. **Closed Session Meeting for Board Members Only to Develop Consensus**

The Board should convene a closed session for discussion and to develop a consensus Performance Evaluation.

The Board may wish to consider whether it might be prudent to ask Legal Counsel to assist with the process of consolidating the Directors performance assessments into a single consensus evaluation.

The consensus Performance Evaluation should be considered a "draft" intended to create an interactive, participatory, constructive discussion with the Manager about the performance, including accomplishments, challenges, and obstacles incurred over the course of the rating period, as well as progress on any professional development goals.

5. **Closed Session Meeting among the Board and Manager**

The consensus draft Performance Evaluation should be provided to the Manager indicating it is a draft confidential document for discussion with the Board in closed session, with ample time prior to the Closed Session for Manager to review it.

The aim of the Performance Review Meeting is to have a frank, interactive, constructive discussion of the Manager performance for the prior evaluation period, as well as to establish the foundation for future performance expectations. This is also an opportunity for the Manager to give the Board feedback as to what other support might foster more effective job performance.

Following a few simple guidelines will help facilitate constructive discussions during the actual appraisal meeting.
GUIDE FOR MANAGING EMPLOYEE PERFORMANCE

- Begin the meeting by clearly describing the purpose of the meeting and the proposed format.
- Focus the meeting and discussions on objective job-related behavior and performance.
- Give and encourage constructive feedback.
- Actively listen to each other.
- Acknowledge and respect other’s opinions and perspectives.
- Do not argue.
- Ask open-ended questions to stimulate discussion.
- Close the session on a positive note if at all possible.

Begin the Performance Review meeting by asking the Manager to discuss his/her Self Review.

Next, discuss the Board’s consensus assessment, and offer the Manager an opportunity to address any discrepancies or variances from his/her Self Review.

Once the dialogue and discussion has concluded, the Board should excuse the Manager from the Closed Session and then determine whether any changes should be made and finalize the Performance Evaluation. The Chair should determine a time/place to present the final Performance Evaluation to the Manager.

D. DEVELOPING THE NEXT YEAR PERFORMANCE GOALS

During the performance review discussion with the Manager, the Board may want to include a discussion about how and when the Board and Manager will establish goals for the coming year, including both performance goals as well as self-improvement goals; or the Board may initiate that discussion separately.

E. AVOIDING COMMON RATING ERRORS

When rating performance, the Board should strive to ensure fairness and objectivity. The Board should guard against anything that could inappropriately distort evaluation results such as bias, prejudice, personality traits, too much emphasis on one or two aspects, reliance on perceptions and not facts, and holding employees accountable for factors beyond their control.

Errors to be avoided include:

- **Leniency** - a tendency to evaluate employees at the high end of the rating scale for all or most factors without appropriate justification.
- **Halo effect** - a tendency to allow the influence of a particularly positive employee trait or characteristic to inappropriately affect performance measures.
- **Central tendency** - a tendency to rate all individuals OR all performance factors at the middle of the evaluation scale.
- **Harshness** - a tendency to evaluate employees with an inappropriate and/or unjustified level of criticism.
- **Recency error** - a tendency to allow “recent” performance to inappropriately influence the entire evaluation period.
- **Similarity error** - a tendency to favor those employees who are perceived to have similar beliefs or characteristics as those of the supervisor.
**Performance Management Plan/Evaluation/Self Review**

**GENERAL MANAGER**

<table>
<thead>
<tr>
<th>Name:</th>
<th>Rating Period:</th>
</tr>
</thead>
</table>

**Part A. Performance Plan Discussion Meeting**

At the beginning of the rating period, the Board and General Manager (Manager) will review the performance plan and expectations, including the Rating Scale, Managerial Competencies and Behaviors, Development Plan, Annual Work Plan and Goals, Development Plan, and the Employee’s Self Review. Signatures below acknowledge that this Plan has been discussed; that it establishes the basis for evaluating the Manager’s performance, and that a copy has been provided to the Manager.

| General Manager’s Signature: | Board Chairperson’s Signature: |

**Part B. Performance Rating Scale Definitions**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1 | **Did Not Meet Expectations**  
- Performance consistently exhibits major deficiencies;  
- Performance fails to meet needs or expectations;  
- Performance shows a lack of understanding of SWA’s mission, goals, and values. |
| 2 | **Needs Improvement**  
- Performance is less than acceptable;  
- Exhibits certain weaknesses and requires improvement to bring performance up to satisfactory;  
- Needs to be more consistent to actively support SWA’s mission, goals, and values. |
| 3 | **Successfully Meets Expectations/Satisfactory**  
- Consistently performs in a manner that is thorough, accurate, and timely;  
- Meets or occasionally exceeds expectations;  
- Is reliable and cooperative;  
- Shows support for SWA’s mission, goals, and values. |
| 4 | **Exceeds Expectations/Good**  
- Regularly exceeds performance expectations;  
- Performance and behavior reflect high level of cooperation and accomplishment;  
- Supports and furthers SWA’s mission, goals, and values. |
| 5 | **Outstanding/Excellent**  
- Performance in this area is consistently characterized by exceptionally high quality and excellence;  
- Performance and behavior reflect highest level of cooperation and accomplishment;  
- Promotes and furthers SWA’s mission, goals, and values. |
**Part C. Board and Manager Certifications**

My signature below certifies that the Board has reviewed this Performance Review/Evaluation with me, that we discussed my Self Review Worksheets, and that I have been provided a copy of the Performance Review.

<table>
<thead>
<tr>
<th>General Manager’s Signature:</th>
<th>Date:</th>
</tr>
</thead>
</table>

My signature below certifies that this Performance Review/Evaluation constitutes the Board’s evaluation of the Manager’s performance for this period.

<table>
<thead>
<tr>
<th>Board Chairperson’s Signature:</th>
<th>Date:</th>
</tr>
</thead>
</table>
Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS

1. Board Relations and Communications

- Keeps the Board well informed in a timely manner on key issues and projects
- Presents relevant, comprehensive information and material sufficient for effective discussion/decision-making
- Accepts direction in a positive manner and eagerly implements decisions
- Makes effort to be accessible and provides consistent/equal treatment
- Maintains effective communications with the Board

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:

General Manager Self Review:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:
Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

2. Leadership

- Creates and communicates a compelling vision and purpose
- Sets challenging goals for self and others; has high performance standards
- Inspires, motivates, mobilizes others to fulfill SWA’s mission and goals
- Establishes a culture of integrity and ethical behavior
- Creates strategic partnerships and collaborations that benefit SWA and community

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:

General Manager Self Review:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:
3. **Operational Management and Business Acumen**

- Aligns and focuses work with Strategic Plan and priorities
- Displays awareness of and attention to conditions and situations that may put SWA at risk and implements risk management strategies
- Appropriately consults with legal counsel and/or other outside advisors
- Understands the business implications of decisions
- Displays common sense and good judgment in business transactions
- Ensures resources, materials, and equipment are used prudently and efficiently

☐ Did Not Meet Expectations   ☐ Needs Improvement   ☐ Successfully Meets Expectations/Satisfactory   ☐ Exceeds Expectations/Good   ☐ Outstanding/Excellent

**Optional Comments:**

---

**General Manager Self Review:**

☐ Did Not Meet Expectations   ☐ Needs Improvement   ☐ Successfully Meets Expectations/Satisfactory   ☐ Exceeds Expectations/Good   ☐ Outstanding/Excellent

**Optional Comments:**
### Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

**4. Financial Management**
- Ensures appropriate financial policies and practices are in place and monitors
- Prepares a balanced budget aligned with SWA’s strategic priorities
- Administers the budget efficiently within spending limits set by the Board
- Delivers comprehensive financial reports to the Board regularly
- Adequately plans for long-term maintenance/replacement of facilities
- Identifies revenue enhancements
- Develops and implements cost-saving measures and improves productivity
- Oversees accounting, investments, debt/financial transactions, and audits

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory  
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

**Optional Comments:**

---

**General Manager Self Review:**

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory  
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

**Optional Comments:**
Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

5. Customer, Community, and Public Relations

- Displays a professional demeanor and ensures public confidence in management
- Represents SWA well to customers, civic groups, businesses, media, and the public
- Promotes and engages in community involvement
- Develops cooperative relationships with governmental agencies and peer organizations
- Responds to customer/citizen questions effectively and resolves complaints timely
- Enhances customer and community education regarding agency business

☐ Did Not Meet Expectations ☐ Needs Improvement ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good ☐ Outstanding/Excellent

Optional Comments:

General Manager Self Review:

☐ Did Not Meet Expectations ☐ Needs Improvement ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good ☐ Outstanding/Excellent

Optional Comments:
Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

6. Human Resource Management, Labor Relations, Staff Development

- Clearly defines responsibilities and authority and delegates work effectively
- Monitors employee performance and frequently discusses development plans
- Confronts problems and resolves conflicts effectively and equitably
- Fosters open dialogue; invites input; and values employees through recognition
- Ensures employee safety and well-being in the workplace

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:

General Manager Self Review:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:
### Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

#### 7. Knowledge and Expertise in Water Industry and Operations

- Possesses a strong understanding of SWA’s day-to-day operations
- Maintains up-to-date technical knowledge of the water industry
- Monitors regional, state, and federal water issues that impact SWA
- Stays abreast of water policy developments
- Ensures that SWA is well prepared for emergency situations and has proper response plans for security threats

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory  
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:

---

General Manager Self Review:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory  
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:
Part D. MANAGERIAL COMPETENCIES AND BEHAVIORS (continued)

8. Professional Attributes and Characteristics

- Integrity
- Interpersonal skills
- Collaboration, teamwork, and cooperation
- Innovation and creativity
- Commitment to excellence
- Commitment to the value of diversity
- Accountable and responsible
- Work habits and professionalism
- Analytical thinking and decision making

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:

General Manager Self Review:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Optional Comments:
Part E. WORK PLAN GOALS FOR RATING PERIOD ENDING: June 30, 2014

Specific – Measurable - Achievable - Relevant (to organization’s Strategic Plan) - Time-bound Goals, including how they will be measured and completion/due dates, if applicable.

GOAL 1:

- Planned Completion Date:
- Metric to measure:
- Completed: ( ) Yes ( ) No
- Comments regarding accomplishments/challenges:

GOAL 2:

- Planned Completion Date:
- Metric to measure:
- Completed: ( ) Yes ( ) No
- Comments regarding accomplishments/challenges:
Goal 3:

- Planned Completion Date:
- Metric to measure: 
- Completed: (  ) Yes (  ) No
- Comments regarding accomplishments/challenges:

Goal 4:

- Planned Completion Date:
- Metric to measure:
- Completed: (  ) Yes (  ) No
- Comments regarding accomplishments/challenges:
General Manager Self Review:
Overall Performance on Managerial Competencies and Behavior:

☐ Did Not Meet Expectations  ☐ Needs Improvement  ☐ Successfully Meets Expectations/Satisfactory
☐ Exceeds Expectations/Good  ☐ Outstanding/Excellent

Accomplishments Not Included In Original Performance Plan

1.
2.
3.

Prior Year Professional Development Plan Accomplishments or Progress

1.
2.
3.
## Part F. SUMMARY

### 1. OVERALL PERFORMANCE ON MANAGERIAL COMPETENCIES AND BEHAVIORS

- Did Not Meet Expectations
- Needs Improvement
- Successfully Meets Expectations/Satisfactory
- Exceeds Expectations/Good
- Outstanding/Excellent

Optional Comments:

### 2. ACCOMPLISHMENTS AND ACHIEVEMENTS ON ANNUAL WORK PLAN GOALS INCLUDING THE STRATEGIC PLAN

- Did Not Meet Expectations
- Needs Improvement
- Successfully Meets Expectations/Satisfactory
- Exceeds Expectations/Good
- Outstanding/Excellent

Optional Comments:
### 3. PRIOR YEAR PROFESSIONAL DEVELOPMENT PLAN ACCOMPLISHMENTS OR PROGRESS

- Did Not Meet Expectations
- Needs Improvement
- Successfully Meets Expectations/Satisfactory
- Exceeds Expectations/Good
- Outstanding/Excellent

Optional Comments:

---

### 4. OVERALL PERFORMANCE FOR THIS RATING PERIOD

- Did Not Meet Expectations
- Needs Improvement
- Successfully Meets Expectations/Satisfactory
- Exceeds Expectations/Good
- Outstanding/Excellent

Optional Comments:
# Part G. PERFORMANCE RECOGNITION ACTION

(Merit Pay, Performance Pay/Bonus, Executive Leave, and/or other recognition deemed appropriate)

| Board Chairperson: ___________________ | Effective Date: ___________________ |
POLICY 519 – EVENT ENDORSEMENT AND SPONSORSHIP

POLICY

The Governing Board (Board) may endorse or sponsor certain events as requested by nonprofit, government, and educational organizations, to support community events held within the Authority’s service area. The Board’s endorsement or sponsorship is intended to increase the quality of the event and demonstrate the Board’s commitment to the requested activities that support and celebrate the community.

PROCEDURE

Nonprofit, government, and educational organizations seeking a decision from the Board on endorsement or financial sponsorship of activities within the Authority’s service area will submit a written request for an endorsement to the General Manager at least one (1) month prior to the actual date of the event to allow for consideration. The request will undergo a review by the Board to verify the merits of the requested endorsement or financial sponsorship. The Board reserves the right to reject or condition its involvement at its sole discretion, subject to applicable local, state, and federal laws.

The General Manager may also consider and approve event endorsement and sponsorship requests on a case-by-case basis, when deemed in the best interests of the Authority and within the funds allowable by the budget and General Manager authorization levels.

Only events that are in the Authority service area, are open to the general public, and do not charge an entrance fee will be considered.

If approved, the endorsed or sponsored activities may use the Authority’s name and logo in its promotions.

Requests for written information, reports, data, or photos that are related to the request for endorsement or sponsorship can be provided subject to a standard public records request submitted to the Authority’s Board Secretary.

The General Manager shall provide periodic reports to the Board on events endorsed and sponsored.
POLICY 520 - BENEFITS

POLICY

Members of the Governing Board (Board) shall be eligible to receive health, dental, vision, and life insurance, as set forth below and as limited by applicable state law. The benefits have been approved by the Board, and may be modified by the Board.

PROCEDURE

Beginning January 9, 2019, Directors will be provided with health insurance benefits for themselves and eligible dependents. Directors are eligible to participate in the same plans as employees, under the same terms and conditions as employees, including the same rate of employee/Director contribution to the premiums, except Directors are not eligible to enroll in the Aetna PPO plan which is being phased out. Directors electing to participate in healthcare insurance will be provided with an election form to allow deduction of the premium contribution on a pre-tax basis from their per diem. Directors are also eligible for dental (Director and dependents), vision (Director and dependents), and life insurance ($30,000 benefit), which are provided by the Authority. Currently, the full premiums are paid by the Authority for dental, vision, and life insurance. These benefits are intended to comply with Government Code sections 53200 through 53210 and any other applicable legal restrictions, and the benefit shall be no greater than the benefit available to employees.

The Board Secretary shall distribute a quarterly report containing the total cost of the benefit for each Director under this Policy. The reports shall be presented to the Board at the meetings of January, April, July, and October.
POLICY 521 – RECOGNITION OF OUTGOING BOARD MEMBERS

POLICY

The Governing Board (Board) of Sweetwater Authority wishes to formally recognize all outgoing Board members for their service to the community and for their efforts to continue the mission of the Authority. This policy establishes how outgoing Board members shall be acknowledged.

PROCEDURE

A. An outgoing Board Member shall be formally recognized during the last Board meeting at which the Director serves in active duty or as soon as practical.

B. At such meeting, the Chair of the Board or his or her designee shall read and present a resolution acknowledging the service of the outgoing Board Member.

C. In addition, the outgoing Board Member shall be presented with the following package:
   1. A metal card that provides free lifetime access to all Authority fishing facilities.
   2. A framed photo of an Authority scenic feature.
   3. A statue of a fire hydrant (or similar item) with an inscription of service years.
POLICY 522 – CITIZENS ADVISORY COMMITTEE

POLICY

To establish policy for the operation and administration of the Sweetwater Authority Citizens Advisory Committee (CAC) established by the Governing Board (Governing Board) of the Sweetwater Authority (Authority) on April 10, 2019, and to provide the CAC with clear and concise operating guidelines to perform their duties.

PROCEDURE

I. Background:

The Citizen’s Advisory Committee (CAC) was established by a vote of the Governing Board of the Authority on April 10, 2019, for the purpose of providing citizen and rate payer involvement in advising the Authority on ways it could improve its efficiency with regard to Authority operations and with regard to executing the Authority’s Strategic Plan.

II. Composition and Selection:

A. The CAC will consist of seven (7) members (Members) and seven (7) alternate members (Alternates). Terms for the initial Members/ Alternates will be staggered between approximately two (2) and four (4) years for the initial cycle, determined by lot or other game of chance during the meeting in which Members/ Alternates are formally appointed by the Authority Governing Board. All terms thereafter will be four (4) years. Members and Alternates shall not be subject to term limits. Terms for Members/ Alternates designated as having approximately two (2) year terms, shall end in January 2021, and terms for Members/ Alternates designated as having approximately four (4) year terms, shall end in January 2023.

B. Members and Alternates will be selected as follows:

Each Authority Director shall make a nomination of one Member and one Alternate to the CAC. For Authority Directors who are members of the Board of Directors of South Bay Irrigation District (SBID), nominees shall be residents of the nominating Director’s SBID division. For Authority Directors who are appointed by National City, nominees shall be residents of National City.
C. For the initial selection of CAC Members and Alternates the process of nominating Members/Alternates, shall be completed no later than August 31, 2019 unless otherwise determined by the Governing Board.

D. The Governing Board shall consider formal appointment of initial nominees to the CAC at a regular meeting in September 2019. In the event any Authority Director fails to make nominations for Members/Alternates to the CAC prior to the August 31, 2019 deadline specified in Section C, above, formal appointment of any such nominee shall take place at the soonest practicable meeting of the Authority Governing Board following the nomination. Following the appointment of the initial CAC Members/Alternates, the appointment of nominees to fill expired terms on the CAC shall occur at a regular meeting of the Governing Board in January or February of odd numbered years.

III. Orientation/ Establishment of Meeting Date and Times/ Conduct for Meetings:

A. Once appointed to the CAC by the Governing Board, Authority staff will provide a briefing/orientation to Members/Alternates at the first regular meeting of the CAC on the mission of the Authority and an overview of the Authority’s Strategic Plan and Work Plan for the applicable fiscal year. This briefing/orientation for the initial CAC Members/Alternates shall be held no later than October 31, 2019. Thereafter, the biennial briefing/orientation of Members/Alternates shall be held in conjunction with the first CAC meeting following new appointments by the Governing Board in odd numbered years.

B. Following the briefing/orientation by Authority staff, the initial CAC will convene and determine: (1) a proposed list of relevant issues following the implementation schedule set forth in the Authority’s Detailed Work Plan (short term of 0 – 2 years, medium term of 2 – 5 years, and long term of more than 5 years) to be considered by the CAC, and (2) a proposed schedule for meeting dates and times (with meetings to be held no less than quarterly), for presentation to the Authority Governing Board by December 31, 2019, for the Governing Board’s prioritization and approval. Management will inform the Board of any staffing or budgetary impacts associated with the CAC proposed list of relevant issues or meeting dates and times. Thereafter, the CAC shall present its proposed list of relevant issues to be reviewed by the CAC and its proposed schedule for meeting dates and times (with meetings to be held no less than quarterly), after the second CAC meeting of each odd numbered year.
C. The CAC will meet on its established meeting dates, as approved by the Governing Board. Meetings will comply with the Ralph M. Brown Act and will be held at one of the Authority’s facilities. The CAC shall meet no less than quarterly and only conduct business when a full quorum consisting of more than 50% of the current Members/Alternates are present (with Alternates voting only when the regular Member is absent). The business of the CAC will be conducted in accordance with Roberts Rules of Order and approve motions with a majority of the CAC quorum voting in favor. Anything less than a majority of the CAC quorum voting in favor of a particular motion represents a failed motion.

D. CAC Members/Alternates may attend SWA Committee and Governing Board meetings and provide individual or organized public comment regarding CAC approved recommendations on items or issues to be considered by the Governing Board. When representing the CAC, the Member/Alternate public comment must reflect the official position of the CAC as determined by an official motion garnering the requisite number of affirmative votes as specified in Section III.C. above. In all cases where applicable, Authority staff will convey information on official CAC recommendations to the applicable Authority Committee and/or the Authority Governing Board prior to or as part of the Governing Board’s consideration of the items or issues under consideration. The CAC should deliver CAC approved recommendations to Authority staff in time to reasonably be added to reports provided to the Governing Board. The Detailed Work Plan approved by the Governing Board provides the framework for what items will be considered by the Governing Board and when those items will be considered. Authority staff should notify the CAC, in all instances where practicable given operational constraints, as to applicable deadlines for receipt of official CAC recommendations, to enable compliance with scheduling legal requirements.

E. The CAC may make formal requests for information from Authority staff in support of the approved list of relevant issues to be reviewed by the CAC, and Authority staff shall make every reasonable effort to provide requested information in a timely fashion in order to enable to allow the CAC to make the most informed decision possible. Notwithstanding the foregoing, requests by the CAC for information and/or research will be channeled through the General Manager and any requests for substantive information and/or research that entail substantial effort or cost will be channeled through the Board, for the Board’s consideration and formal direction. Individual CAC Members/Alternates may request information, which will be provided in accordance with the Public Records Act.
IV. **Membership Removal:**

A. CAC Members and Alternates are subject to removal at any time by a majority vote of the Board of Directors, or as indicated below.

B. If a CAC Member or Alternate is absent for three (3) consecutive meetings, unless excused for good cause by the Chair of the Governing Board, Authority staff will contact the Member or Alternate by phone or in writing and inform him or her of this section. If the Member or Alternate misses a fourth (4th) consecutive meeting, he or she shall be removed through a written notification from the Chair of the Governing Board.

C. To vacate a position, a CAC Member or Alternate shall send a written resignation letter to the Board of Directors.

D. If a CAC Member or Alternate ceases to be a resident of the division from which he or she was appointed (if appointed by a Director from SBID) or of National City (if appointed by a Director from National City), the Member or Alternate is deemed to have resigned his or her CAC membership.
POLICY 601 – BOARD MEETINGS

POLICY

To establish a set schedule for regular meetings and guidelines for special Board meetings of the Governing Board (Board) that provides for public involvement and staff participation.

PROCEDURE

Regular Meetings of the Board shall be held on the second and fourth Wednesday of each calendar month at 6:00 p.m. (Government Code § 54954 [a]). The date, time, and place of regular meetings can be reconsidered by the Board and adopted by resolution, when the Board deems it necessary. The use of teleconferencing will be in accordance with Government Code Section 54953.

Special Meetings (non-emergency) of the Board may be called by the Chairperson of the Board or by a majority of the members of the Board. (Government Code § 54956.)

All Directors, Legal Counsel, Treasurer, General Manager, Assistant General Manager, Board Secretary, and other required staff will be notified of the special Board meeting and purpose or purposes for which it is called. Notification will be in writing and delivered to them at least twenty-four (24) hours prior to the meeting. (Government Code § 54956.) However, written notice may be dispensed with as to any Director who is actually present at the meeting at the time it convenes.

The written notice shall be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public. Newspapers of general circulation in the Authority’s service area and others who have requested notice of special meetings in writing in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54956) shall be notified by mailing or delivering written notice personally, unless the special meeting is called less than one (1) week in advance, in which case the written notice, including business to be transacted, will be sent by email, or by FAX during business hours as soon after the meeting is scheduled as practicable but in no event less than twenty-four (24) hours before the meeting. (Government Code § 54956.)

An agenda, indicating the time and place of the special meeting and business to be transacted, shall be prepared as specified for regular meetings and shall be delivered with the “Notice of the Special Meeting” to those specified above. Only those items of business listed on the agenda for the Special Meeting shall be considered by the Board at any special meeting. (Government Code § 54956.)

Special Meetings (emergency). In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of
public facilities, the Board may hold an emergency special meeting without complying with the twenty-four (24) hour notice required above. An emergency situation means a crippling disaster, which severely impairs public health, safety, or both, as determined by a majority of the members of the Board. (Government Code § 54956.5.)

Newspapers of general circulation in the Authority’s service area and others who have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54956) shall be notified at least one (1) hour prior to the emergency special meeting. In the event that telephone services are not functioning, the notice requirement of one (1) hour is waived, but the General Manager, or his or her designee, shall notify such newspapers and others who have requested notice of special meetings of the fact of the holding of the emergency special meeting, and of any action taken by the Board, as soon after the meeting as possible. (Government Code § 54956.5.)

No closed session may be held during an emergency special meeting unless agreed to by a two-thirds vote of the members of the Board present or, if less than two-thirds of the members are present, by a unanimous vote of the members present. All other rules governing special meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the emergency special meeting, a list of persons the General Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten (10) days in the Authority’s office as soon after the meeting as possible. (Government Code § 54956.5.)

Adjourned meetings. A majority vote by the Board may terminate any Board meeting at any place in the agenda to any time and place specified in the order of adjournment, except that if no Directors are present at any regular or adjourned regular meeting, the General Manager or Board Secretary may declare the meeting adjourned to a stated time and place, and he or she will cause a written notice of adjournment to be given to those as specified above to receive notices of special meetings. The order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special, or adjourned special meeting was held within twenty-four (24) hours after the time of the adjournment. When an order of adjournment fails to specify the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings. (Government Code § 54955.)

The Board Secretary shall ensure that appropriate information is available for the public at meetings of the Board, and that physical facilities for said meetings are functional and appropriate. Regular and special meetings of the Board shall be held within the boundaries of the territory over which the Authority exercises jurisdiction, subject to certain exceptions provided for in the Brown Act. (Government Code § 54954[b].)
POLICY 602 – BOARD MEETING AGENDA

POLICY

In order for both the Governing Board (Board) and staff to be adequately prepared to discuss Sweetwater Authority (Authority) business during Board meetings, items for action or discussion should be placed on the agenda.

PROCEDURE

The Board Secretary, in cooperation with the General Manager and Board Chairperson, shall prepare an agenda for each regular and special meeting of the Board in accordance with the Ralph M. Brown Act (California Government Code Section 54950 et seq.). Each agenda shall provide an opportunity for members of the public to address the Board on any item of interest to the public, before or during the Board’s consideration of the item, that is within the subject matter jurisdiction of the legislative body. Any Director may, during a Board meeting or by contacting the Board Secretary or General Manager in writing, request any item to be placed on the agenda.

Any member of the public may request that a matter directly related to Authority business be considered at a future Board meeting or Board Committee meeting, subject to the following conditions:

A. The request must be in writing and be submitted to the General Manager together with supporting documents and information, if any.

B. The General Manager, in collaboration with the Board Chairperson, shall determine whether the public request is or is not a “matter directly related to Authority business,” and if it should be referred to a Board Committee or placed directly on the agenda of a regular Board meeting. The timing and placement of the public request on the agenda of a future Board or Board Committee meeting will be determined in priority with other potential agenda items.

C. No matter which is legally a proper subject that should be considered by the Board in closed session will be accepted under this policy.

D. In the event the public request is placed on the agenda of a Regular Board Meeting or Board Committee meeting, as applicable, the Board or Board Committee may place limitations on the total time to be devoted to a public request issue at any meeting, and may limit the time allowed for any one person to speak on the issue at the meeting. (Government Code § 54954.3 (b).)

This policy does not prevent the Board from taking testimony at regular and special meetings of the Board on matters that are not on the agenda, which a member of the public may wish to bring before the Board. However, the Board shall not discuss or take action on such matters at that meeting, except that members of the Board or Authority staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights. (Government Code § 54954.3.)

At least seventy-two (72) hours prior to the time of all regular meetings, an agenda that
includes, but is not limited to, all matters on which there may be discussion and/or action by
the Board, shall be posted conspicuously for public review in the display case at the
entrance of the Authority’s Administrative Office and on the Authority’s website.
(Government Code § 54954.2.) All information made available to the Board shall be
available for public review when distributed to all or a majority of all members of the Board,
except information that is privileged or otherwise confidential under state law, as
determined by the Authority’s legal counsel. Documents relating to an open session agenda
item that are distributed to the legislative body at a meeting or less than seventy-two (72)
hours before the meeting must be made available for public inspection at a location
specified on the agenda at the same time the writing is distributed to a majority of the
Board. (Government Code § 54957.5.)

The agenda for a special meeting shall be posted at least twenty-four (24) hours before the
meeting in the same locations as for regular meeting agendas. (Government Code §
54956.)

The posted agenda must briefly describe each closed session agenda item in substantial
compliance with the descriptions in Government Code section 54954.5. The Board may
convene in closed session on any matter authorized by law, including but not limited to the
following:

A. Litigation: Existing litigation, threatened litigation, or initiation of litigation.
B. Liability Claims. Discussion of a claim for the payment of tort liability losses and
public liability losses.
C. Real Property: The purchase, sale, exchange, or lease of real property by or for the
local agency.
D. Public Employment: The consideration of the appointment, employment, evaluation
of performance, discipline, or dismissal of a public employee or hearing complaints
or charges brought against the employee.
E. Labor Negotiations regarding salary, salary schedules, and compensation paid in the
form of fringe benefits.
F. Public Security Threats.
G. Specific Pension Fund Investments.

Only members of the Board and the staff members necessary to conduct business
regarding the closed session item are permitted to attend the closed session. A person may
not disclose confidential information acquired by being present in a closed session unless
the Board authorizes disclosure of that confidential information.
POLICY 603 – BOARD MEETING CONDUCT

POLICY

The Chairperson of the Governing Board (Board) shall conduct meetings of the Board in a manner consistent with the policies of the Authority to facilitate orderly proceedings and comply with applicable state law.

PROCEDURE

All Board meetings shall commence at the time stated on the agenda and shall be guided by the same. (Government Code § 54954.2 (a)(2)) Board meetings will be guided by the Ralph M. Brown Act and other applicable state laws. Any question about proper procedure shall be referred to Legal Counsel for determination. The conduct of meetings shall, to the fullest possible extent, enable Directors to:

A. Consider problems to be solved, weigh evidence related thereto, and make wise decisions intended to solve the problems, and

B. Receive, consider, and take any needed action with respect to reports of accomplishment of the Authority’s operations.

Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting on any subject that is within the subject matter jurisdiction of the Board, shall be as follows:

A. Generally, three (3) minutes will be allotted to each speaker. However, the Chairperson has the discretion to shorten or lengthen the allotted time. Any public comments on non-agenda items beyond a maximum of twenty (20) minutes shall be heard at the conclusion of the meeting. (Government Code § 54954.3.)

B. No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the Chairperson, of that person’s privilege of address. (Government Code § 54954.3.)

Willful disruption of any of the meetings of the Board shall not be permitted. If the Chairperson finds that there is in fact willful disruption of any meeting of the Board, he or she may order the room cleared and subsequently conduct the Board’s business without the audience present. In such an event, only matters appearing on the agenda may be considered in such a session. Members of the media, other than those participating in the disruption, shall be permitted to attend any such session. After clearing the room, the Chairperson may permit those persons who, in his or her opinion, were not responsible for the willful disruption to reenter the meeting room. (Government Code § 54957.9.)

Reviewed and Reapproved on 2/26/20
POLICY 604 – BOARD ACTIONS AND DECISIONS

POLICY

Actions and decisions by the Governing Board (Board) include, but are not limited to, adoption or rejection of regulations, policies, resolutions, contracts or expenditures, any proposal that commits Sweetwater Authority (Authority) funds or facilities, including approval or disapproval of matters that require or may require the Authority or its employees to take action and/or provide services. As the General Manager serves at the pleasure of the Board, the Board is solely responsible for employment decisions regarding this position.

PROCEDURE

A majority of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn any meeting from time to time. (Government Code § 56955.) Action, other than adjournment, can only be taken by the vote of the majority of the Board. (Government Code § 54952.6.) Four (4) Directors represent a quorum for the conduct of Authority business. Actions of the Board require the affirmative vote of at least four (4) members of the Board regardless of the number of Directors present. If the action of the Board requires a super majority, that percentage is calculated as a percentage of the whole Board, not members of the Board who are present.

A member abstaining in a vote is considered as absent for that vote.

Example: If four (4) of seven (7) Directors are present at a meeting, a quorum exists and business can be conducted.

However, if one (1) Director abstains on a particular action and the other three (3) cast “aye” votes, no action is taken because a “Majority of the Board” did not vote in favor of the action.

Example: If an action is proposed requiring a two-thirds vote and three (3) Directors abstain, the proposed action cannot be approved because five (5) of the seven (7) Directors would have to vote in favor of the action.

Informal action by the Board is still Board action and shall only occur regarding matters that appear on the agenda for the Board meeting during which said informal action is taken.
POLICY 605 – MINUTES OF BOARD AND STANDING COMMITTEE MEETINGS

POLICY

To establish the format of the official minutes of the Governing Board (Board) and the disposition of the recordings of those meetings.

PROCEDURE

The Board Secretary shall keep minutes of all standing committees, regular meetings, special meetings, and adjourned meetings of the Board.

Copies of regular, special and adjourned Board meeting minutes shall be distributed to Directors as part of the agenda packet for the next regular Board meeting, at which time the Board will consider approval of the minutes as presented or with modifications. Copies of standing committee minutes will be distributed as an informational item to Directors as part of the agenda packet for the next regular Board meeting.

The official minutes of the above-mentioned meetings of the Board and resolutions shall be kept in a manner that provides security, either by placing the paper versions in a fireproof vault or in fire-resistant, locked cabinets or having electronic versions stored on the Authority’s computer network with appropriate backups. Audio recordings of Board and standing committee meetings will be posted to the Sweetwater Authority website for a period of two years.

Closed sessions of the Board are deemed not to be public records and shall not be recorded. Prior to holding any closed session, the Board shall disclose, in an open meeting, the item or items to be discussed in the closed session.

After any closed session, the Chairperson shall reconvene into open session prior to adjournment and the Chairperson or General Counsel shall make any disclosures required by the Ralph M. Brown Act (Government Code §54957.1) of action taken in the closed session. If no action is taken, the Chairperson or General Counsel shall publicly report that “no reportable action was taken by the Board during the closed session.”

Motions shall be recorded as having passed or failed and individual votes shall be recorded, unless the action was unanimous. However, upon the request of any member of the Board, a roll call vote shall be taken on a motion.

Resolutions shall be recorded as having passed or failed and individual votes shall be recorded. A roll call vote shall be required for the adoption of any resolution. All resolutions

Revised and Approved on 3/25/20
adopted by the Board shall be numbered consecutively, including the year and starting with a new number at the beginning of each calendar year, and shall be recorded in full and in separate Resolution Books. (Example: Resolution numbers for the year 2010 – 10-01, 10-02 and year 2011 – 11-01, 11-02, etc.)

The minutes of Board meetings must contain the following data:

A. Date, place and type of each meeting;
B. Directors present and absent by full name;
C. Officers, Legal Counsel, and Administrative Staff present by full name;
D. Call to order, including time;
E. Time and name of late arriving Directors;
F. Preadjournment departure of Directors by name, noting time, or if absence takes place when any agenda items are acted upon;
G. Order of Adjournment of meeting, including time;
H. Record of written Notice of Special Meetings and record of items to be considered at Special Meetings.
I. Summary record of public comment regarding matters not on the agenda, and on matters on the agenda, including names of commenters;
J. Approval or amended approval of the minutes of preceding meetings;
K. Complete identification as to each subject of the Board’s deliberation;
L. Record of the vote on every action item, including the names of Directors abstaining or absent on the vote on a motion if not unanimous;
M. All Board Resolutions with complete headings, numbered serially for each fiscal year;
N. A record of all contracts presented for approval by the Board and the status of approval;
O. A record of all bid procedures, including calls for bids authorized, bids received, and other action taken;
P. A record by number of all warrants approved for payment;
Q. Adoption of the annual budget;

R. Financial reports, budget reports, and investment reports;

S. Sales of Authority property that are presented to the Board;

T. A record of all important correspondence within the subject matter of the Authority;

U. A record of the General Manager’s report to the Board; and

V. Approval of all policies and Board-adopted regulations.

The minutes of standing committee meetings must contain the following data:

A. Date, place and type of each meeting;

B. Directors present and absent by full name;

C. Officers, Legal Counsel, and Administrative Staff present by full name;

D. Call to order, including time;

E. Time and name of late arriving Directors;

F. Preadjournment departure of Directors by name, noting time, or if absence takes place when any agenda items are acted upon;

G. Order of Adjournment of meeting, including time;

H. Summary record of public comment regarding matters not on the agenda, and on matters on the agenda, including names of commenters;

I. Complete identification as to each subject of the Committee’s deliberation; and

J. Record of the Committee recommendation noting any Director not in support or absent on the vote on a motion if not unanimous.
POLICY 606 – RULES OF ORDER FOR BOARD AND COMMITTEE MEETINGS

POLICY

To establish rules of conduct for Governing Board (Board) and Board Committee (Committee) meetings of the Authority, which facilitate orderly proceedings and comply with the Ralph M. Brown Act (Brown Act) and other applicable state laws. Any question about proper procedure shall be referred to the Authority’s legal counsel for determination.

PROCEDURE

Action items shall be brought before and considered by the Board by motion in accordance with this policy. The Board will generally conduct its meetings in conformance with Robert’s Rules of Order. However, so long as all requirements of California law are met, noncompliance with Robert’s Rules of Order shall not invalidate an otherwise valid Board action.

If a Director believes order is not being maintained or procedures are not adequate, then he or she should raise a point of order – not requiring a second – to the Chairperson. If the ruling of the Chairperson is not satisfactory to the Director, then it may be appealed to the Board. A majority of the Board will govern and determine the point of order.

Any Director desiring to speak should address the Chairperson and, upon recognition by the Chairperson, may address the subject under discussion.

Any Director, including the Chairperson, may make or second a motion. A motion shall be brought and considered as follows:

A Director makes a motion, another Director seconds the motion, and the Chairperson states the motion. Once the motion has been stated by the Chairperson, it is open to discussion and debate. After the matter has been fully debated and after the public in attendance has had an opportunity to comment on the item, the Chairperson will call for the vote. If the public in attendance has had an opportunity to comment on the item, any Director may move to immediately bring the question being debated to a vote, suspending any further debate. The motion must be approved by affirmative vote of a majority of the Board.

A motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by other Directors.

Reviewed and Reapproved on 2/26/20
A motion may be postponed to a certain time by a motion to postpone, which is then seconded and approved by a majority vote of the Board.

A motion may be referred to a Committee for further study and recommendation by a motion to refer to Committee, which is then seconded and approved by a majority vote of the Board.

As provided above, any Director may move to close debate and request the Chairperson for a vote on a motion.

A meeting may be adjourned by motion made, seconded, and approved by a majority vote of the Board before voting on a motion.

During the portion of the agenda entitled Directors’ Comments, Board Members may comment upon any topic that is relevant to the Board and which is not the subject of another agenda item. In the event a Board Member’s comments involve a proposed or prospective action of the Board, the matter should be referred to the General Manager to be placed on a future agenda of the Board or the Board may take action to direct the General Manager to place the matter on a future Board agenda. No action may be taken on an item raised during Directors’ Comments at the same meeting at which that item is raised unless the required procedures under the Brown Act are followed.

The Board may give directions that are not formal action. Such directions do not require formal procedural process. Such directions include the Board’s directives and instructions to the General Manager.

The Chairperson shall determine by consensus a Board directive and shall state it for clarification. Should any three (3) Directors challenge the statement of the Chairperson, a voice vote may be requested.

A formal motion may be made to place a disputed directive on a future agenda for Board consideration, or to take some other action (such as refer the matter to the General Manager for review and recommendation, etc.).

The Chairperson is given authority to make exceptions to this rule under special circumstances in which the subject matter is not appropriate to be considered at a future Board meeting and is appropriate for discussion as a clarification, announcement, or report of activities.

The Chairperson shall take whatever actions are necessary and appropriate to preserve
order and decorum during Board meetings, including public hearings. No person shall engage in any conduct that disrupts or impedes the conduct of a Board meeting, whether by loud, threatening, or obscene conduct, or otherwise. The Chairperson may, in his or her discretion, eject any person or persons who engages in conduct that disrupts or impedes the orderly conduct of a Board meeting or hearing, or who refuses to abide by a request from the Chairperson not to engage in such conduct.

The Chairperson may declare a short recess during any meeting.

When it appears there is no further business on the agenda, the Chairperson may adjourn a meeting after asking if there is any objection.

By motion made, seconded, and approved by a majority vote, the Board may, at its discretion and at any meeting:

A. Temporarily suspend these rules in whole or in part;
B. Amend these rules in whole or in part, or both.
POLICY 607 – REPRESENTATIVES TO THE SAN DIEGO COUNTY WATER AUTHORITY

POLICY

To enable the Governing Board (Board) to receive information and for the Board to provide direction to the South Bay Irrigation District and the City of National City Representatives to the San Diego County Water Authority.

PROCEDURE

Sweetwater Authority (Sweetwater) is a Joint Powers Agency of the South Bay Irrigation District and the City of National City organized and existing pursuant to Government Code Section 6500 et seq. The South Bay Irrigation District and the City of National City are member agencies of the San Diego County Water Authority.

The South Bay Irrigation District and the City of National City each have one (1) Representative on the San Diego County Water Authority Board of Directors, who will report to the Sweetwater Board as follows:

A. The South Bay Irrigation District Representative to the San Diego County Water Authority and the City of National City Representative to the San Diego County Water Authority shall appear before the Sweetwater Board at its regularly scheduled meeting prior to the regularly scheduled monthly meeting of the San Diego County Water Authority, and at special Board meetings as may be called, to brief the Board on matters of interest and importance which appear on the San Diego County Water Authority Board of Directors agenda. If the City of National City Representative to the San Diego County Water Authority is not a member of the Sweetwater Board, Sweetwater may request that the City of National City Representative appear before the Sweetwater Board pursuant to this Policy on a standing or case-by-case basis. As appropriate, a work group of the South Bay Irrigation District Representative, City of National City Representative, Sweetwater Authority General Manager, and Sweetwater Authority Chair may be convened.

B. Such briefing shall be for the purpose of discussing such matters of interest and importance as well as receiving direction from the Sweetwater Board on representing Sweetwater’s interest at the San Diego County Water Authority. If a majority of the Sweetwater Board does not provide direction, then each Representative may vote in such a manner as will, in each Representative’s best judgment, ensure the best interest of Sweetwater.

C. Representatives typically provide briefings to the Sweetwater Authority Board at the
second regularly scheduled meeting of the month.

The South Bay Irrigation District Board member shall hold office on the San Diego County Water Authority Board of Directors for a term of six (6) years, or such portion thereof until he or she resigns and his or her successor is appointed and the successor’s credentials are accepted. The South Bay Irrigation District Board may appoint the same Representative to be his or her own successor after his or her term expires.

When an appointed Representative leaves the San Diego County Water Authority Board during his or her term, the date established for that term remains the same, and the Board of Directors of South Bay Irrigation District shall appoint a new appointee to serve the unexpired portion of the term. If a Director “holds over” after the expiration of a term and an appointment is made, it is to be the unexpired portion of the new term. The ending date for the new term is included in South Bay Irrigation District’s Resolution of Appointment.

Electors of the City of National City who wish to serve as a Representative of the City must apply to the City Council and be appointed pursuant to procedures established by the City.

The San Diego County Water Authority has a formal process for the seating of Directors and an oath of office is administered.
POLICY 608 – MAILED NOTICE OF MEETINGS

POLICY

Sweetwater Authority’s (Authority) agenda is posted on the Authority’s website and is available to be downloaded at no cost. Upon receipt of a written or telephone request, the Governing Board (Board) authorizes its Secretary to mail or e-mail the requested materials pertaining to the agenda packet at the time the agenda is posted or upon distribution to all, or a majority of all, of the members of the Board, whichever occurs first.

PROCEDURE

Any person may request that a copy of the agenda or a copy of all the documents constituting the agenda packet of any meeting of the Board be mailed to them. If requested, the agenda and documents in the agenda packet shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132.) Any request for mailed copies of agendas or agenda packets shall be valid for the calendar year in which it is filed, and must be renewed following January 1 of each year.

The Board has established a fee of $6.00 (this fee is low considering postage alone generally exceeds this amount) per month or $72.00 per year for mailing the agenda or agenda packet. If the fee that is established should be revised, it shall not exceed the cost of providing the service. The agenda packet may be provided on a compact disc, or similar electronic media, rather than print copy, if so requested, at the actual reasonable cost.

Failure of the requesting person to receive the agenda or agenda packet pursuant to this policy shall not constitute grounds for invalidation of the actions taken by the Board at the meeting for which the agenda or agenda packet was not received.