

RESOLUTION NO. 2008-06

RESOLUTION OF THE BOARD OF DIRECTORS OF BEAUMONT CHERRY VALLEY WATER DISTRICT ADOPTING IDENTITY THEFT PREVENTION PROGRAM

WHEREAS, the Federal Trade Commission ("FTC") has adopted regulations that require "creditors" holding consumer or other "covered accounts" (which are defined to mean any account where customer payment information is collected in order to bill for services rendered) to develop and implement by November 1, 2008 an identity theft prevention program that complies with those regulations; and

WHEREAS, it is the position of the FTC that the Beaumont Cherry Valley Water District (the "District") is a "creditor" under the applicable FTC regulations because it provides retail water service on deferred payment and that it therefore must comply with the FTC regulations by adopting and implementing an identity theft prevention program; and

WHEREAS, the District's Board of Directors desires to take action to comply with the applicable FTC regulations by adopting an identity theft prevention program,

NOW, THEREFORE, IT IS RESOLVED that the District's Board of Directors hereby adopts, and directs District staff to implement, the following identity theft prevention program.

1. Program Goals. The District's Identity Theft Prevention Program (the "Program") shall endeavor to achieve the following goals:

- a. To identify relevant patterns, practices and specific activities (referred to in this Program as "Red Flags") that signal possible identity theft relating to information maintained in the District's customers' accounts, both those currently existing and those accounts to be established in the future;
- b. To detect Red Flags after the Program has been implemented;
- c. To respond promptly and appropriately to detected Red Flags to prevent or mitigate identity theft relating to District customer account information; and
- d. To ensure the Program is updated periodically to reflect any necessary changes.

2. The Program.

- a. The District shall assess the security of its current customer account system, with an emphasis on assessing the methods by which it opens and maintains customer accounts and customers' personal information, and on assessing the manner in which it provides access to customer accounts. That assessment shall include an analysis of any prior incidents of identity theft which the District has experienced.

b. The District shall maintain identifying information (address, etc.) for each customer so it can authenticate customers, monitor transactions, and verify the validity of customer requests, such as a change of address or service-related requests, including requests to terminate service.

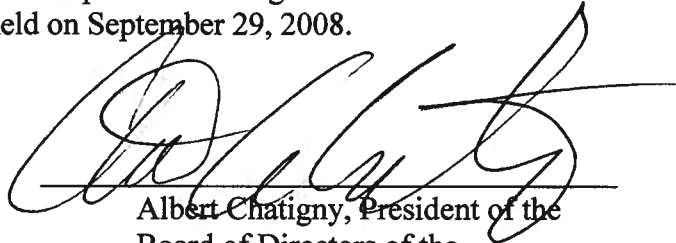
c. The District shall establish a reporting system which allows District staff to discover potential Red Flags as they arise and to thereafter report them to the proper authorities, including law enforcement. This reporting system should specifically focus on the following Red Flags: alerts, notifications, or other warnings received from consumer reporting agencies or service providers; presentation of suspicious documents by a purported customer; presentation of suspicious personal identifying information by a purported customer, such as a specific address change; the unusual use of, or other suspicious activity related to, a customer's account; and notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with the District's customer accounts.

d. The District shall adopt procedures which provide for appropriate responses to any detected Red Flags which are commensurate with the degree of risk posed. In determining an appropriate response, the District shall consider aggravating factors that may heighten the risk of identity theft, such as a data security incident that results in unauthorized access to a customer's account records, or notice that a customer has provided information related to a customer's account to someone fraudulently claiming to represent the District. Appropriate responses include the following: i) monitoring customer accounts for evidence of identity theft, ii) contacting the customer, iii) changing from time to time any passwords, security codes, or other security devices that permit access to customer accounts, iv) reopening a customer account with a new account number, v) not opening a new customer account, vi) closing an existing customer account, vii) notifying law enforcement, and viii) determining that no response is warranted under the particular circumstances. Any Red Flags should be brought to the General Manager's attention to determine the appropriate response(s) to be implemented promptly after detection.

e. The District's General Manager, or his or her designee, shall implement and administer the Program. The General Manager shall provide periodic reports to the Board of Directors on the effectiveness of the Program and shall ensure that all necessary District employees are properly trained to implement the Program.

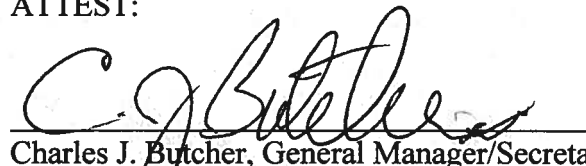
f. The General Manager shall annually review the Program with appropriate District staff to determine if any revisions are needed. That review may include changes in identity theft methods and changes in methods to detect, prevent, and mitigate identity theft. The General Manager is hereby authorized and directed to make any necessary changes in the Program that are found to be necessary; provided that such changes must be reported to the Board of Directors at the first regular Board of Directors' meeting after the change is made.

PASSED AND ADOPTED at a Special Meeting of the Board of Directors of
Beaumont Cherry Valley Water District held on September 29, 2008.

A large, stylized handwritten signature in black ink, likely belonging to Albert Chatigny, positioned above a horizontal line.

Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

ATTEST:

A handwritten signature in black ink, likely belonging to Charles J. Butcher, positioned above a horizontal line.

Charles J. Butcher, General Manager/Secretary of the
Board of Directors of the
Beaumont Cherry Valley Water District