

## RESOLUTION 2025-28

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT - CHERRY VALLEY WATER DISTRICT AMENDING THE DISTRICT'S POLICIES AND PROCEDURES MANUAL

**WHEREAS**, on March 18, 2009 the Board of Directors of the Beaumont-Cherry Valley Water District adopted Resolution 2009-05, establishing a Policy and Procedures Manual applicable to Board of Directors and District staff; and

**WHEREAS**, upon recommendation by the Director of Information Technology and Cybersecurity and review and discussion by the Personnel Committee of the Board of Directors, the Committee recommended additions to the Policy and Procedures Manual; and

**WHEREAS**, the Board of Directors has reviewed and considered the addition or revision of the subject policies attached hereto and listed below, finds the new or revised policies relevant and acceptable, and it to be in the best interests of the District that the following actions be taken,

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Beaumont-Cherry Valley Water District as follows:

The BCVWD Policies and Procedures Manual is updated to include the attached exhibits as indicated below, superseding prior Resolutions:

Exhibit	Replace or Revise Policy:	With the New or Revised Policy:
A	3000 Employee Status	3000 Employee Status
B	3010 Employee Performance Evaluation	3010 Employee Performance Evaluation
C	3030 Gift Acceptance Guidelines	3030 Gift Acceptance Guidelines
D	3180 Nepotism / Employment of Relatives and Fraternization	3180 Nepotism / Employment of Relatives and Fraternization
E	Part II, Section 17	4085 Ethics Training
F	Part II, Section 18	4090 Code of Ethics
G	Part II, Section 19	4095 Ethics Policies
H	New policy	4096 Governance
I	4100 Electronic Communications and Data Devices at Dais	4100 Electronic Communications and Data Devices at Dais
J	New policy	5048 Issuance and Management of Long Term Debt

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**ADOPTED** this 13TH day of AUGUST, 2025, by the following vote:

AYES: COULINGTON, HOFFMAN, RAMIREZ, SLAWSON

NOES:

ABSTAIN:

ABSENT: WILLIAMS



Director Daniel Slawson, President of the  
Board of Directors of the  
Beaumont-Cherry Valley Water District

ATTEST:



Director Andy Ramirez, Secretary to the  
Board of Directors of the  
Beaumont-Cherry Valley Water District

Attachments: Exhibits A - J

## EXHIBIT A

**POLICY TITLE:       EMPLOYEE STATUS**  
**POLICY NUMBER:    3000**

**3000.1 At Will.** All employment at the District is “at will.” This means that either the employee or the District may end the employment relationship at any time, with or without advance notice and with or without cause. Provided, however, that discipline, grievance, layoff, and other similar procedures in a Memorandum of Understanding (MOU) or written employment agreement will apply while in force, but are not intended to alter the at-will nature of the employment relationship. The at-will nature of the employment relationship can only be changed by a clear and unambiguous intent to alter the at-will nature of employment made in an MOU or written employment agreement approved by the District Board and signed by or on behalf of the employee involved. Any reference in this Manual to discipline is not intended to change the at-will nature of the employment relationship or to restrict either the employee’s or the District’s options under the “at-will” employment policy.

**3000.2 Regular, Full-Time Employee.** A “Regular” employee is one who has been hired to fill a regular position in any job classification and has completed their probationary period except as otherwise required by law. Full-Time Employment is defined as a 40-hour average workweek. Regular employees are compensated according to the District Salary Schedule as approved by the Board of Directors. Regular, Full-Time Employees will be eligible for benefits in accordance with their classification and employee group.

### **3000.3 Probationary Periods**

**3003.3.1 Newly Hired and Rehired Employees.** All newly hired and rehired employees serve a probationary period for the first six (6) months from hire or rehire date. The probationary period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. The District uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or the District may end the employment relationship at will at any time during or after the probationary period, with or without cause or advance notice. All newly hired and rehired employees work on a probationary basis for the first 6 months after their date of hire or rehire. Any unauthorized absence will automatically extend a probationary period by the length of the unauthorized absence. If the District determines that the designated probationary period does not allow sufficient time to thoroughly evaluate the employee’s performance, the probationary period may be extended one time for a total of up to 12 months at the discretion of the General Manager or his/her designee.

**3000.3.2 Promoted Employees.** Current employees who are promoted to a new classification will serve a probationary period for the first six (6) months from his/her effective date of appointment. In the event that a promoted employee is not able to satisfactorily complete his/her probationary period in the new role, he/she may resume his/her former position if it is available, needed or budgeted within the current fiscal year. However, the District reserves the right to fill vacant positions, and the option to resume a former position is not guaranteed. If the former position is not available, the employee may be placed on a Performance Improvement Plan (PIP) for no more than six (6) months, subjected to progressive corrective action, up to and including termination of employment if necessary.

**3000.3.3 Transferred and/or Voluntary Demoted Employees.** See Policy 3176 for more information.

**3000.3.4 Reclassified Position.** Current employees whose position is reclassified will serve a probationary period for the first six (6) months from the effective date of position reclassification. In the event that a promoted employee is not able to satisfactorily complete his/her probationary period in the

reclassified role, the employee may be placed on a Performance Improvement Plan (PIP) for no more than six (6) months, subjected to progressive corrective action, up to and including termination of employment if necessary.

**3000.3.5 Probationary Evaluation.** At the conclusion of the probationary period, employees will receive a performance evaluation from their supervisor to assess whether the probationary period is successfully completed. Upon successful completion of the probationary period, full-time employees enter the “regular” employment classification. Successful completion of the probationary period does not guarantee employment for any specific duration or change the at-will status of regular employment. The completion of the probationary period is not eligible for a merit increase. (See Policy 3010)

**3000.4 Temporary Employee.** A temporary employee is defined as anyone hired for a period of 6 months or less. Employees hired to replace a regular employee who is on a leave of absence shall be hired as temporary employees. Temporary Employees may not work more than 1,000 hours or 125 days in a CalPERS fiscal year (July 1-June 30). Retired Annuitants from CalPERS may not work in excess of 960 hours in a CalPERS fiscal year, and must otherwise meet all of the requirements for working after retirement.

**3000.5 Part-Time Employee.** A “Part-time” employee is one who is hired to work within any job classification, but whose position is not regular in nature. The part-time employee works whenever the District’s workload increases to a level that a regular employee cannot accommodate or when other factors make part-time employment advantageous. On average, part-time employees may not work more than 20 hours per week. They may also work standby as discussed in Policy 3055 if required by their job classification.

**3000.6 Benefits for Temporary and Part-Time Employees.**

- A. A temporary employee will not be eligible for fringe benefits including holiday pay, vacation pay, jury duty pay, health insurance coverage, bereavement pay, items of a similar nature, or seniority or leave of absence rights, except where required by law. Temporary employees are eligible for the Employee Assistance Program (EAP), standard life insurance, standard Accidental Death & Dismemberment (AD&D) insurance, and may be eligible to purchase dental and vision insurance or ancillary benefits at their own discretion and expense.
- B. Part-time employees are generally not eligible for fringe benefits such as holiday pay, vacation pay, jury duty pay, bereavement leave, or other similar forms of paid leave, nor are they eligible for seniority accrual or leave of absence rights, except as required by law. However, under the Public Employees’ Medical and Hospital Care Act (PEMHCA), part-time employees who work at least 20 hours per week for a period exceeding six (6) months are eligible for District-sponsored health insurance coverage. In addition, part-time employees are eligible for the Employee Assistance Program (EAP), standard life insurance, and standard Accidental Death & Dismemberment (AD&D) insurance. They may also elect to purchase dental, vision, or other ancillary insurance benefits at their own expense, if offered by the District.
- C. For Paid Sick Leave accrual provisions for temporary and part-time employees, please refer to Policy 3085 for more information.



## EXHIBIT B

### **POLICY TITLE: EMPLOYEE PERFORMANCE EVALUATION** **POLICY NUMBER: 3010**

**3010.1 Purpose.** To provide a means for discussing, planning, and reviewing the performance of an employee. Regular performance evaluations improve communication and employee engagement; help employees clearly define and understand their duties, responsibilities and the requirements of the position; document accomplishments during the rating period; suggest areas in which employees can improve performance; provide information for career development and training; help set goals and expectations for the next rating period; and provide a basis for awarding merit or step increases.

**3010.2 Policy.** All full- and part-time regular employees shall have their job performance evaluated on an annual basis. This policy does not preclude the conduct of more frequent evaluations as needed to document significant changes in performance.

**3010.3 Responsibilities.** Each manager and supervisor is responsible for the timely assessment of the performance and contribution of his/her employees. Human Resources will coordinate, track, and report on the completion of annual performance evaluations; provide training to managers and supervisors on conducting effective performance evaluations as necessary; and will maintain a copy of each evaluation in the employee's official personnel file. Human Resources will provide an annual compliance report to the General Manager or his/her designee by January 31<sup>st</sup> for the prior calendar year, and will share the statistical report (over-all percentage of compliance) with the Personnel Committee of the Board of Directors.

**3010.4 Standards.** Each supervisor is responsible for developing a clear description of the duties, responsibilities, goals, and expectations for each position to be evaluated. The duties and responsibilities, and position requirements must be consistent with the job description for each position. The goals and expectations should be aligned with the District's strategic goals, organizational development and mission. The goals and expectations shall be provided to the employee prior to being evaluated against them within the 12-month period following the performance evaluation.

**3010.5 Preparation of Evaluations.** All employees shall have their job performance evaluated by their immediate supervisor on an annual basis. Interim and/or probationary period evaluations may be completed as necessary to effectively document employee performance. The Department Head and Human Resources will review and provide comments (as necessary) on the drafted evaluation before it is delivered to the employee in an evaluation conference. In the event that Human Resources, the Department Head and the immediate supervisor cannot come to a consensus, the matter may be referred to the General Manager or his/her designee.

- A. **Annual Evaluation.** All employees will have their performance evaluated at the time of their anniversary date (of hire, rehire, promotion, position reclassification, transition to "Regular" status or transfer to their most recent position) with the District. The supervisor shall indicate on the Performance Evaluation Form when an eligible employee is recommended for a merit increase and sign the Personnel Action Form (See Policy Number 3215). If the employee receives a performance rating of "Meets Expectations" or higher, and continues to satisfy the essential qualifications of the position, including but not limited to maintaining any required licenses or certifications, adherence to safety standards, and any other job-specific requirements, he/she may be eligible for an increase to the next step within his/her salary range, provided his/her has not reached the maximum step of the range. Employees receiving an overall rating of less than "Meets Expectations" are not eligible to receive a merit increase. In no event shall a performance evaluation be considered disciplinary, regardless of the rating.

- B. **Probationary Evaluation.** Performance evaluations shall be completed upon the conclusion of the probationary period (See Policy 3000). Upon successful completion of the probationary period, employees shall transition to "Regular" status and receive annual performance evaluations based on the date he/she attained "Regular" status. The probationary evaluation is the tool in which the immediate supervisor determines whether the probationary employee has the skills and other qualifications needed to perform satisfactorily. The immediate supervisor shall indicate on the Performance Evaluation Form if the probationary employee is recommended to pass the probationary period, or if an extension of the probationary period is necessary. An extension of the probationary period must be approved by the General Manager or his/her designee and must be accompanied by a Performance Improvement Plan (PIP). The PIP shall run concurrently with the extended probationary period. If the District determines that the designated probationary period does not allow sufficient time to thoroughly evaluate the employee's performance, the probationary period may be extended one time for a total of up to twelve (12) months at the discretion of the General Manager or his/her designee. An overall performance rating of less than "Meets Expectations" at the conclusion of the PIP may lead to progressive corrective action, up to and including termination of employment.
- C. **Interim Evaluation.** Interim or supplemental evaluations may be initiated by the immediate supervisor whenever the immediate supervisor believes it to be in the best interest of the employee, immediate supervisor, division or department to do so. This type of evaluation is usually made whenever an employee's performance and/or work conduct has significantly changed since a previous evaluation or whenever an employee has failed to improve after a previous less than satisfactory evaluation, counselling, or training. The Interim evaluation may include a Performance Improvement Plan (PIP). An overall rating of less than "Meets Expectations" at the conclusion of the PIP may lead to progressive corrective action, up to and including termination.

**3010.6 Performance Improvement Plan (PIP) Process.** When an employee receives an overall rating of less than "Meets Expectations", the unsatisfactory performance evaluation must include a specific description of the unsatisfactory performance, behavior, conduct, or actions that are found to be below standards. Department Heads and supervisors, in coordination with Human Resources, are responsible for developing a Performance Improvement Plan (PIP) to identify the various ways the employee can improve their performance and be successful in achieving their assigned objectives. A PIP should not exceed more than six (6) months and must clearly outline the goals, expectations, position requirements, and performance standards the employee is expected to meet. The performance standards should reference the quantity and quality of work, the manner in which service is rendered, and such characteristics as shall measure the employee's job performance. (See Policy Number 3175). A PIP is not disciplinary, and is not an adverse employment action.

**3010.7 The Evaluation Form.** The District utilizes a standardized Performance Evaluation Form. Upon delivery of the evaluation by the immediate supervisor to the employee, the employee shall sign acknowledging receipt, and the immediate supervisor shall provide a copy of the performance evaluation to the employee and submit the original to Human Resources. The original shall be placed in the employee's official personnel file, and the department may keep a copy in a secured internal file. The employee may provide a separate written response within thirty (30) calendar days to Human Resources which will then be filed with the evaluation form.

**3010.8 Employee Self-Evaluation Form.** Employees are required to complete a Self-Evaluation Form prior to the evaluation conference with their immediate supervisor. The Self-Evaluation Form will be provided to Human Resources along with the completed Performance Evaluation Form and maintained in the employee's personnel file.

**3010.9 Retaliation Prohibited.** Employees shall not be subject to any form of retaliation, reprisal, or adverse treatment as a result of participating in the performance evaluation process, providing candid feedback through self-evaluations, responding to performance evaluations, or exercising their right to dispute or comment on evaluation content. This includes but is not limited to protection against retaliation for:

- A. Expressing concerns or disagreements with evaluation content;
- B. Submitting a written rebuttal or response;
- C. Requesting clarification, feedback, or support in achieving performance goals;
- D. Participating in good faith in any performance-related discussion, improvement plan, or appeal process.

Supervisors, managers, and any employee involved in the administration of the evaluation process are expected to uphold a culture of open communication, fairness, and professional integrity. Any employee who believes he/she has been retaliated against in connection with the performance evaluation process should report the concern to Human Resources or the General Manager or his/her designee. Such reports will be reviewed in accordance with applicable District policies, including those related to complaint resolution, anti-retaliation, and workplace conduct.

## EXHIBIT C

**POLICY TITLE: GIFT ACCEPTANCE GUIDELINES**  
**POLICY NUMBER: 3030**

**3030.1 General Prohibition on Accepting Gifts.** A District Board Member, employee or his or her immediate family may not accept from, or provide to, individuals or companies seeking to do business with the District, gifts, entertainment, services, or benefits unless the transaction meets all of the following guidelines:

1. Is customary and does not give the appearance of impropriety,
2. Does not impose any sense of obligation on either the giver or the receiver,
3. Does not result in any kind of special or favored treatment,
4. Cannot be viewed as extravagant, excessive, or too frequent considering all the circumstances including the ability of the recipient to reciprocate at District expense, and
5. Is given and received with no effort to conceal the full facts by either the giver or receiver.

**3030.2 Definition of a Gift.** A gift is considered anything that confers a personal benefit, including a rebate or discount not given to the public, for which an employee does not provide payment or services of equal or greater value. This policy applies to all District Board Members, employees or their immediate families (as defined in California Code of Regulations Section 18943).

**3030.3 Additional Restrictions for Designated Employees.** Employees of the District who are designated in the District's conflict of interest code (and therefore are required to file a Statement of Economic Interests Form 700 annually), may not accept gifts from any single source totaling more than the calendar year maximum published by the FPPC in a calendar year (Gov. Code §89503(c)).

**3030.4 Gift Exceptions.** The California Fair Political Practices Commission (FPPC) provides various exceptions to the definition of gift, and those exceptions are not considered gifts or income under this policy. (See FPPC Fact Sheet on Limitations and Restrictions on Gifts, Honoraria, Travel and Loans). In addition to the limitations and restrictions provided by FPPC, the District grants the following exceptions to the prohibition on gift acceptance by Board members and employees:

- a. Edible gifts of nominal value (less than \$200) that are shared with a wide range of colleagues.
- b. Items that can be displayed in public areas of BCVWD's building (such as flowers).
- c. Handmade items by and from children under age 16.
- d. "Giveaways" handed out by vendors and consultants at conferences, training events, and grand openings provided that such items are made available to anyone attending the event
- e. Small gifts such as pens, paperweights, etc. given to an employee in appreciation for a presentation to a group or organization or in recognition of that individual's accomplishment.
- f. Small gifts with company advertising such as mugs, calendars, paper, etc. which are appropriate for use in the workplace.
- g. Discounts or special offers arranged for all employees by Human Resources.

**3030.5 Compliance and Penalties.** District Board Members and employees are required to follow all regulations of the California Fair Political Practices Commission (FPPC), the California Political Reform Act of 1974 (as amended), and all other laws related to limitations and restrictions on gifts, honoraria, travel and loans. Information and advice regarding the regulations can be found at [fppc.ca.gov](http://fppc.ca.gov). Failure to comply with the laws related to gifts, honoraria, loans, and travel payments may, depending on the violation, result in criminal prosecution and substantial fines, or in administrative or civil monetary penalties (See Gov. Code §§ 83116, 89520, 89521, 91000, 91004 and 91005.5).

**3030.6 District Disciplinary Action.** Violations of this policy may subject an employee to disciplinary action, up to and including termination of employment, depending on the nature and severity of the violation.

## EXHIBIT D

**POLICY TITLE: NEPOTISM / EMPLOYMENT OF RELATIVES AND FRATERNIZATION**  
**POLICY NUMBER: 3180**

**3180.1 Policy.** The Nepotism-Employment of Relatives and Fraternization Policy is established to maintain a fair, transparent, and unbiased work environment by addressing the employment of relatives and persons who are engaged in a romantic and/or sexual relationship with a current employee or Board Member within the organization. The purpose is to prevent conflicts of interest, ensure equal opportunities for applicants and all employees, and maintain the integrity of the District's hiring and promotion processes.

**3180.2 Applicability.** This policy shall apply to Board Members and all full-time, part time, temporary and contracted employees of the District.

**3180.3 Relatives Defined.** This policy applies to individuals who are related by blood, marriage or adoption including the following relationships: spouse, domestic partner, child, step-children, parent, step-parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, niece, nephew, parent-in-law, daughter-in-law, son-in-law, brother-in-law and sister-in-law. . In implementing this policy, it is lawful to ask an applicant to state whether he or she has a spouse or relative as defined by this policy who is presently employed by the District, but such information may not be used as a basis for an employment decision except as stated herein.

**3180.4 Fraternization Defined.** Fraternization means a romantic and/or sexual or intimate relationship between a supervisor and subordinate employee within the direct chain of command.

**3180.5 External and Internal Selection Process and Equal Opportunity.** It is the policy of the District to seek the best possible candidates for its staff through appropriate recruitment procedures. It is also the policy of the District not to discriminate in its employment and personnel actions with respect to its employees and applicants on the basis of marital or familial/relative status, as well as romantic and/or sexual relationships with a current District employee. Employment actions include, but are not limited to, hiring promotion, transfer, disciplinary action, and termination.

Relatives, and persons engaged in a romantic and/or sexual relationship with a current employee or Board Member may be considered for employment, provided that they meet the required qualifications and standards for the position. All hiring decisions will be based on merit, qualifications, and the needs of the District. When a relative or a person who is engaged in a romantic and/or sexual relationship with a District employee or Board Member is being considered for employment, promotion, or transfer, the District employee shall have no involvement in the recruitment, employment, promotion, or transfer of the person, either directly or indirectly, nor shall that employee take any action that would directly or indirectly impact the employment of the relative or individual with whom there exists a romantic and/or sexual relationship.

Furthermore, the District retains the right to refuse to appoint, promote, or transfer a person to a position in the same department, division or facility, wherein his/her familial, marital, or romantic/sexual relationship to another employee or Board Member has the potential for creating adverse impact on supervision, safety, security or morale, or involves a potential conflict of interest. The Department Head, in consultation with Human Resources, shall have the authority and responsibility for determining if such a potential for adverse impact exists or does not exist. Considerations shall include the following:

- A. The two (2) employees having a direct or indirect supervisory relationship.
- B. The two (2) employees handling financial transactions together.
- C. The two (2) employees having regular job duties which require performance of shared duties or the same or related work assignment.



- D. The two (2) employees having the same immediate supervisor.
- E. An actual or perceived conflict of interest or having an adverse impact on supervision, safety, security, morale, or efficiency of the workplace that cannot be adequately mitigated.

**3180.6 Prohibited Recommendations for Contract-Interested Relatives.** To preserve the integrity of the District's procurement and employment processes, no Board Member or employee of the District shall recommend, either formally or informally, the employment, appointment, or selection of any relative as defined in Section 3180.3, or any individual with whom they have a known romantic and/or sexual relationship as defined in Section 3180.4, who is currently bidding for, negotiating, or holding a contract or subcontract with the District. This restriction applies whether the individual is seeking employment through an external or internal selection process and regardless of whether the contract is directly or indirectly with the District, and is intended to prevent any actual or perceived conflict of interest while upholding the District's commitment to ethical governance and transparent operations.

**3180.7 Supervisory Relationship.** For the purposes of this policy, a "supervisory employee" or "supervisor" means any employee, regardless of job description or title, who has been assigned responsibility to direct, oversee, coordinate, or influence the work of other employees. This includes, but is not limited to, employees who:

- A. Have the authority, in the interest of the District, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees;
- B. Have the responsibility to direct or assign work, adjust grievances, or effectively recommend such actions, even if such authority is exercised in consultation with or subject to approval by higher-level management;
- C. Provide day-to-day direction or oversight of the work of other employees, even if they do not exercise full independent judgment in personnel matters.

The term "supervisory employee" is intended to include those who function in a lead, team lead, or similar capacity where they are responsible for guiding, assigning, or reviewing the work of others, whether or not they make final decisions on employment actions. Under no circumstances that an employee, including the General Manager, may be placed in a position where they directly supervise or manage a relative or an individual with whom they have a romantic or sexual relationship.

**3180.8 Disclosure Requirement.** Current employees and applicants for employment are required to disclose the existence of a relative working within the organization to Human Resources on the applicable form at the time of application for employment or promotion is made. Current employees and applicants for employment who are engaged in a romantic and/or sexual relationship with an employee at the District shall disclose the relationship to the Human Resources Director at the time of interview, or when the relationship begins, if it occurs after hire. Failure to disclose such relationships may result in disciplinary action for any such District employee, and disqualification of a candidate.

**3180.9 Determination.** Where the Department Head, in conjunction with Human Resources, has made a determination based upon the above stated factors that such adverse impact does not exist, this determination shall be reviewed by the General Manager or his/her designee. The General Manager or his/her designee may deny employment based on adverse impact; or hire any potential employee who has a relative or romantic and/or sexual relationship with an employee currently working for the District. If the General Manager is the hiring manager, the determination to hire shall be made by the Personnel Committee of the Board of Directors.

**3180.10 Conflict of Interest Management.** When two (2) existing employees marry, become relatives due to other individuals' marriage, and/or engage in a romantic and/or sexual relationship, and a determination has been made that the potential for creating adverse impact as described above exists, the Personnel Committee in conjunction with the General Manager or his/her designee, shall make reasonable



efforts to minimize problems of supervision, or safety, security or morale through reassignment of duties, relocation or transfer. If the District is unable to make an acceptable accommodation, then the two individuals will be notified by the General Manager or his/her designee that one of the employees must separate from District employment within sixty (60) days.

Relatives may be eligible for promotion or transfer based on their qualifications and performance. Decisions regarding promotions or transfers will be made objectively, considering the best interest of the District by the General Manager or his/her designee. If the conflict of interest is between the General Manager and the employee, the decision to separate shall be determined by the Full Board of Directors through the recommendation of the Personnel Committee.

**3180.11 Access to District Funds.** With regard to related employees and the Beaumont-Cherry Valley Water District's funds: One related employee only shall have access to district funds, provided it is part of their employment duties. The other employee(s) related to the above shall have no direct, indirect, physical or electronic access to district funds or any advisory input for the management of district funds.

**3180.12 Volunteers.** Non-paid volunteers working for the District may have relatives employed by the District. Their work assignment shall be determined and appointed by the General Manager or his/her designee.

**3180.13 Violation of Policy.** In a conflict of interest or other threat to the efficient operation of the District should develop, it is the duty of the involved employees to immediately notify the applicable Department Head and the Human Resources Manager. The District reserves the right to reasonably investigate the situation to determine whether a violation of this policy exists and therefore threatens the working conditions at the District. If the District determines that the proscribed violation of this policy exists, remedial and/or disciplinary measures, including but limited to a transfer, re-assignment, or dismissal, shall be utilized to mitigate issues that arise relevant to the enforcement of this policy. In such cases, the District shall apply applicable due process procedures.

**3180.14 Consequences of Violation.** Violations of this policy will may result in disciplinary action, up to and including termination of employment. The severity of the consequences will depend on the nature and impact of the violation.

## EXHIBIT E

**POLICY TITLE: ETHICS TRAINING**  
**POLICY NUMBER: 4085**

**4085.1 Policy.** All Board members and designated employees of the District shall receive two hours of training in general ethics principles and ethics laws relevant to public service within six (6) months of election or appointment to the Board of Directors (or date of hire) and at least once every two years thereafter, pursuant to Government Code Sections 53234 through 53235.2.

**4085.2 Requirements.** All ethics training shall be provided by entities whose curricula have been approved by the California Attorney General and the Fair Political Practices Commission. District staff shall provide the Board of Directors with information on available training that meets the requirements of this policy at least once every year. A single training course may be used to satisfy the obligation to receive training for multiple agencies or positions.

**4085.3 Participation.** Board members shall obtain proof of participation after completing the ethics training and provide that proof to the Human Resources Department. Applicable costs for attending the training will be reimbursed by the District.

**4085.4 Records.** District staff shall maintain records indicating both the dates that Board members completed the ethics training and the name of the entity that provided the training. These records shall be maintained for at least five years after Board members receive the training, and are public records subject to disclosure under the California Public Records Act. Current certificates shall be posted on the District's website.

## EXHIBIT F

### POLICY TITLE: CODE OF ETHICS

### POLICY NUMBER: 4090

**4090.1 Purpose and Scope.** The Board of Directors of the District is committed to providing excellence in leadership that results in the provision of the highest quality services to its constituents and to comply with State laws including AB 1234 (Salinas).

A. **Applicability:** This policy applies to members of the Board of Directors and to District staff, as applicable.

i. District staff should also refer to Policy series 3000.

B. **Purpose.** The policy of the Beaumont-Cherry Valley Water District is to maintain the highest ethical standards for its Board members and staff. The proper operation of the District requires that decisions and policy be made within the proper channels of governmental structure, that public office not be used for personal gain, and that Board members and staff remain objective and responsive to the needs of the public they serve. Accordingly, it is the policy of the District that Board members and District staff will maintain the highest standard of personal honesty and fairness in carrying out their duties.

**4090.2 Behavioral expectations.** In order to assist in the governance of the behavior between and among members of the Board of Directors, the following rules shall be observed:

- A. The dignity, style, values and opinions of each individual shall be respected.
- B. Responsiveness and attentive listening in communication is encouraged.
- C. The needs of the District's constituents should be the priority of the Board of Directors. Board members are accountable to the ratepayers who use the District's services.
- D. Board members should learn and recognize the various economic interests from which conflict can arise. When a Board member believes he/she may have a conflict of interest, the District's legal counsel shall be requested to make a determination if one exists or not.
- E. The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to professional staff members of the District.
- F. Board members should commit themselves to emphasizing the positive, avoiding double talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.
- G. Board members should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocs based on personalities rather than issues should be avoided.
- H. Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Board members should commit to supporting said action and not to create barriers to the implementation of said action.

**4090.3 Team Effort.** The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

- A. When responding to constituent requests and concerns, Board members should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.
- B. Board members should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.
- C. Board members should 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.
- D. Board members are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

**4090.4 Promoting confidence.** To promote public confidence in all deliberations, the Board should:

- A. Consider all facts and recommendations before making a decision
- B. Listen carefully to the interests of stakeholders
- C. Properly prepare for deliberation by reading agenda material
- D. When possible, develop options for action and share the rationale for those choices during deliberations
- E. Choose the action that best advances the District's mission.

## EXHIBIT G

**POLICY TITLE: ETHICS POLICY**  
**POLICY NUMBER: 4095**

**4095.1 Policy.** This policy sets forth the basic ethical standards to be followed by the Board of Directors of the Beaumont-Cherry Valley Water District. The objectives of this policy are to (i) provide guidance for dealing with ethical issues, (ii) heighten awareness of ethics and values as critical elements in Board members' conduct, and (iii) improve ethical decision-making and values-based management.

**4095.2 Responsibilities of Public Office.** Board members are obligated to uphold the Constitution of the United States and the Constitution of the State of California. Board members will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government laws. Board members will strive to work in cooperation with other public officials unless prohibited from so doing by law or officially recognized confidentiality of their work. (Cal. Const., Art. XX, § 3; Gov. Code, § 1360.)

**4095.3 Fair and Equal Treatment.** Board members, in the performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability. A Board member will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

**4095.4 Conflict of Interest Code.** The Political Reform Act, Government Code Section 81000, et. seq., requires local government agencies to adopt a Conflict of Interest Code which is hereby incorporated herein by reference.

**4095.5 Conflict Reporting at Board Meetings.** If a member of the Board believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed:

- A. If the Board member becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Board member will notify the District's General Manager and the District's legal counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest;
- B. If it is not possible for the Board member to discuss the potential conflict with the General Manager and the District's legal counsel before the meeting, or if the Board member does not become aware of the potential conflict until during the meeting, the Board member will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and
- C. Upon a determination that there is a disqualifying conflict of interest, the Board member
  - a. Will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists, which will be so noted in the Board minutes, and
  - b. Will leave the room until after the discussion, vote and any other disposition of the matter is concluded.

**4095.6 Proper Use and Safeguarding of District Property and Resources.** Except as specifically authorized, the California Constitution prohibits a Board member from utilizing or permitting the use of District staff time, District -owned vehicles, equipment, telephones, materials or property for his or her personal benefit, political advantage, or profit of third parties.

- A. A Board member will not ask or require a District employee to perform services for the personal benefit or profit of a Board member.
- B. Each Board member must protect and properly use any District asset within his or her control, including information recorded on paper or in electronic form.
- C. Board members will safeguard District property, equipment, moneys, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust. (Cal. Const., art. XVI, § 6; Gov. Code, §§ 8314 and 53234 et seq.; Pen. Code, § 424; see *People v. Battin* (1978) 77 Cal.App.3d 635.)

**4095.7 Gratuities and Gifts.** All Board members are required to keep an objective and unobligated viewpoint. This is reinforced by the refusal to accept any and all gifts over a nominal value and gratuities from vendors, consultants, and prospective vendors or consultants.

- A. FPPC regulation limits the value of gifts that may be accepted. All gifts are subject to Form 700 reporting according to FPPC guidelines.
- B. A Board Member who knowingly asks for, accepts or agrees to receive any gift, reward or promise thereof for doing an official act, except as may be authorized by law, may be guilty of a misdemeanor under Penal Code Section 70.

**4095.8 Matters of Personal Interest.** In addition to the legal requirements imposed by state law, members of the Board are to avoid putting themselves in the position of choosing between what is best for the District or advancing their own financial or political interests.

**4095.9 Soliciting Political Contributions.** Board members are prohibited from soliciting political contributions as defined in Gov. Code § 3205.

**4095.10 Prohibited Political Activity.** District resources shall not be used to campaign for or against any candidate or ballot measure. Board members shall not engage in campaign activity during Board meetings, while engaged in District business, or on District premises.

**4095.11 Non-Partisan Board.** The Board of Directors is a non-partisan elected body. Decisions made by the Board shall not be made on the basis of party affiliation of any Board member or whether a particular political party has a stated position on the matter under deliberation by the Board. When in Board chambers, all Board members and Standing Committee members will leave their party affiliations outside of the room and refrain from partisan political discussions. All decisions shall be made in terms of what is best for the constituents of the District, not on the basis of what is good for any political party.

**4095.12 Board Duty.** The Board has a duty to ensure that the General Manager is operating the District according to law and the policies approved by the Board.

- A. Board members are encouraged to fulfill their obligation to the public and the District by disclosing to the General Manager, to the extent not expressly prohibited by law, improper activities within their knowledge.



- B. Board members will not interfere with the General Manager's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the General Manager is not properly carrying out these responsibilities.

**4095.13 Use of Confidential Information.** A Board member is not authorized, without the approval of the Board of Directors, to disclose information that qualifies as confidential information to a person not authorized to receive it. Under applicable provisions of law, information qualifies as confidential if it

- A. Has been received for, or during, a closed session meeting of the Board,
- B. Is protected from disclosure under the attorney/client or other evidentiary privilege, or Is not required to be disclosed under the California Public Records Act. This Section does not prohibit a Board member from taking any of the following actions:
  - a. Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the District, an elected official or employee,
  - b. Expressing an opinion concerning the propriety or legality of actions taken by the District in closed session, including disclosure of the nature and extent of the allegedly illegal action, or
  - c. Disclosing information acquired during a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (i) or (ii), above, however, a Board member will first bring the matter to the attention of either the President of the Board or the full Board, to provide the Board an opportunity to cure an alleged violation.

**4095.14 Representing the District.** When attending meetings or conferences, Board members are ambassadors and representatives of the District and should conduct themselves professionally.

**4095.15 Failure to Follow Code of Ethics and / or Ethics Policy**

- A. Any actual or perceived ethical violation by a Board Member should be referred to the President of the Board or the full Board of Directors for investigation by the District's legal counsel or his or her designee, or by appointment of an ad hoc committee of District Board members.
- B. Any member of any Standing Committee who fails to follow this Code of Ethics Policy may have their appointment to the Standing Committee revoked by a 2/3 vote of the Board of Directors.
- C. The District reserves the right to establish an ad hoc committee of District Board members to
  - a. review allegations of ethical misconduct; and
  - b. make recommendations to the full District Board of Directors for censure or discipline as appropriate.
- D. A violation may be addressed by the use of such remedies as are available by law, including
  - a. Admonition reminding that a particular behavior is in violation of policy
  - b. Adoption of a resolution (requiring a 2/3 vote) expressing disapproval of the conduct of the Board member in violation of this policy (censure)
  - c. Injunctive relief

- d. Referral of the violation to the District Attorney or other appropriate enforcement authorities.

#### **4095.16 Improper Activities and Reporting of Such Activities**

- A. A Board member will not directly or indirectly use or attempt to use the authority or influence of their position for the purpose of intimidating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the General Manager, his/her designee or the board any information that, if true, would constitute: a work-related violation by a board member or district employee of any law or regulation, gross waste of district funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of a district official or employee, use of a district office or position or of district resources for personal gain or a conflict of interest of a board member or district employee.
- B. A Board member will not use or threaten to use any official authority or influence to affect any action as a reprisal against a Board member or employee who reports or otherwise brings to the attention of the General Manager or his/her designee any information regarding the subjects described in this section. See Labor Code Section 1102.5 et. seq.; Government Code Sections 53298 and 53298.5.

## EXHIBIT H

**POLICY TITLE: BOARD GOVERNANCE AND OPERATIONAL PROTOCOLS**  
**POLICY NUMBER: 4096**

**4096.1 Purpose.** This policy defines the governance structure, operational roles, and expectations between the Board of Directors, the General Manager, staff, District Counsel, and Financial Officer.

**4096.2 Board member-General Manager-Financial Officer Relationship.** The Board sets the policy for the District. The General Manager is an employee of the District and is the administrative head under the direction of the Board.

**4096.3 Direction to the General Manager.** The District's General Manager serves at the pleasure of the Board. The Board will provide policy direction and instructions to the General Manager on matters within the authority of the Board by majority vote of the Board during duly convened Board and Board committee meetings.

### **4096.4 Duties and Responsibilities of the General Manager:**

- A. Has full charge and control of the construction, maintenance and operation of the water system and other facilities of the District upon approval of the Board of Directors,
- B. Has full power and authority to employ and discharge employees and assistants, consistent with District policy and other provisions of law,
- C. Prescribes the duties of employees and assistants, consistent with District policy, and
- D. Fixes and alters the compensation of employees and assistants, subject to approval by the Board.
- E. Ensures compliance with the District's Personnel Manual, and assures that District employees do not engage in improper activities,
- F. Investigates allegations of improper activities, and
- G. Takes appropriate corrective and disciplinary actions.

**4096.5 Financial Officer.** The Director of Finance and Administration shall serve as the District's Financial Officer.

- A. The Financial Officer will report to the General Manager, and will be available to respond to financial questions concerning the District when called upon by Board members.
- B. The Financial Officer will install and maintain a system of auditing and accounting that will completely and at all times show the financial condition of the District in accordance with generally accepted accounting principles and legal requirements.
- C. The Board will retain and periodically review the work of an auditor as an independent contractor of the District (other than the Financial Officer), who will report to the Board, to conduct an annual audit of the District's books, records and financial affairs.

**4096.6 Board member – District Counsel Relationship.** The District's legal counsel serves at the pleasure of the Board. District legal counsel represents the District as an entity and works in collaboration with the Board and General Manager, but does not represent individual Board members

or the General Manager. Legal counsel's primary day-to-day point of contact is the General Manager or his/her designee. Legal counsel shall not take direction from the General Manager or his / her designee which would be contrary to the wishes of the Board of Directors.

**4096.7 Labor Relations and Chain of Command (See also Policy 4010.1)**

Board members should practice the following procedures:

- A. Members of the Board will deal with matters within the authority of the General Manager through the General Manager, and not through other District employees, except as it pertains to the functions of the Financial Officer, or on ethical issues related to the General Manager.
- B. Members of the board shall generally refrain from making requests directly to District staff, and direct inquiries to the General Manager or his/her designee, using section B below as a guideline.
- C. Board members should practice the following procedures:
  - a. To undertake analyses, perform other work assignments, change the priority of work assignments or request complex information, Board members should contact the General Manager or his/her designee.
  - b. In seeking clarification on informational items, Board members may directly approach professional District staff members to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.
  - c. Members of the Board may request non-confidential, factual information regarding District operations from District staff.
  - d. In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager or his/her designee, and/or the District's legal counsel.
  - e. In handling items related to safety, concerns for safety, or hazards should be reported to the General Manager or his/her designee, or to the District office. Emergency situations should be dealt with immediately by seeking appropriate assistance.
  - f. In presenting items for discussion at Board meetings, see Policy 4030 Board Meeting Agendas.
  - g. In handling complaints from residents and property owners of the District, said complaints should be referred directly to the General Manager or his/her designee.
  - h. If approached by District staff member(s) concerning specific District policy, Board members should direct such inquiries to the General Manager or his/her designee.
  - i. When approached by vendors or contractors concerning the availability of work or contracts with the District, Board members should direct such inquiries to the General Manager or his/her designee.

#### **4096.8 Improper Activities and Reporting of Such Activities; Protection of Whistleblowers**

- A. The General Manager has the responsibility to ensure compliance with the policies and procedures manual and administrative manual and ensure employees do not engage in improper activities; investigate allegations of improper activities; and take appropriate corrective and disciplinary actions.
- B. The Board of Directors has a duty to ensure that the General Manager is operating the district according to law and the policies approved by the Board. Board members are encouraged to fulfill their obligation to the public and the District by disclosing to the General Manager, to the extent not expressly prohibited by law, improper activities within their knowledge.
- C. Board members will not interfere with the General Manager's responsibilities in identifying, investigating and correcting improper activities, unless the full Board of Directors determines that the General Manager is not properly carrying out these responsibilities.

## EXHIBIT I

**POLICY TITLE: ELECTRONIC COMMUNICATIONS AND DATA DEVICES AT DAIS**  
**POLICY NUMBER: 4100**

**4100.1 Purpose.** To preserve transparency, ensure compliance with the Ralph M. Brown Act and California Public Records Act (CPRA), and promote full engagement by Board members during public meetings.

**4100.2 Policy Statement.** Board members must limit the use of personal and District-issued electronic devices (including phones, tablets, laptops, desktop computers, or similar communication tools) during public meetings of the legislative body to prevent actual or perceived violations of open meeting laws and to maintain public confidence in District governance.

**4100.3 Permitted Use.** Electronic devices may be used:

- A. To access agenda materials
- B. To facilitate ADA accommodations
- C. For emergency personal communications, such as urgent family matters, provided the Board member informs the presiding officer and responds discreetly outside the meeting room or during a recess.

**4100.4 Prohibited Use.** Electronic devices shall **not** be used:

- A. To communicate with members of the public, District staff, or other Board members during a public meeting about items under discussion in violation of the Brown Act;
- B. To exchange information not available to the public, in violation of the Brown Act and the CPRA;
- C. In closed session unless explicitly authorized, and never when connected to the internet;
- D. To access or consider information outside the public record during adjudicatory hearings. Board members must not consider outside information or communications during these hearings to ensure fairness and protect due process rights.

**4100.5 Public Records, Transparency, and Compliance**

- A. All messages or data related to District business—regardless of device or platform—are public records and subject to disclosure under CPRA.
- B. BCVWD will adhere to all applicable laws, District regulations and policies, and the requirements of Article I, Section 3, Subdivision (b), Paragraph 1 of the California Constitution, the CPRA (Government Code §6250-6276.48), the Ralph M. Brown Act (Government Code §54950-54963), due process rights of interested parties in District legislative body proceedings, and District Policies and Procedures.



## EXHIBIT J

**POLICY TITLE: DEBT ISSUANCE AND MANAGEMENT**  
**POLICY NUMBER: 5048**

**5048.1 Purpose.** The purpose of this Debt Issuance and Management Policy (Policy) is to establish guidelines for the issuance and management of debt of the District and to provide guidance for decision makers with respect to options available for financing infrastructure, and other capital projects, so that the most prudent, equitable, and cost effective financing can be chosen. This Policy is intended to comply with Government Code Section 8855(i) and documents the objectives to be achieved by staff both prior to, and subsequent to, issuance of debt. This policy is designed to promote objectivity in the decision making process, and to facilitate the financing process by establishing important policy decisions in advance.

This policy in no way restricts the ability of the Board of Directors (Board) to review proposed rate actions, debt issuances, or other actions of substance to the District and its related entities. This policy ensures that the Board maintains authorization to waive elements of the policy in connection with individual financings at its discretion.

**5048.2 Goals.** It is a goal of the District to provide for the infrastructure and capital project needs of its ratepayers, financing those capital project needs from a combination of current revenues, available reserves, and prudently issued debt. Debt financing serves as a fair and effective means for funding capital projects, playing a critical role in meeting the infrastructure and development needs of the District's customers. Debt may be used to finance projects if:

1. Debt is issued and managed prudently;
2. Debt enables the District to maintain a sound fiscal position;
3. Debt issuance will not negatively impact the District's credit rating;
4. Debt issuance would cause the District's goal of equitable treatment of all customers, both current and future, to be met;
5. Debt issuance is identified as the most cost-effective means available to District; and
6. Debt issuance is identified as fiscally responsible under the prevailing economic conditions.

**5048.3 Relationship of Debt to Capital Improvement Program and Budget.** The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions or funding requirements identified in the District's capital budget and capital improvement plan. The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues ("pay as you go"). The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear. Annual debt service payments shall be included in the Operating Budget.

### **5048.4 Purposes for Which Debt May Be Issued.**

1. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District. Long-term debt financings are appropriate:
  - a. When a project to be financed is necessary to provide District services.
  - b. When the project to be financed will benefit constituents over several years.
  - c. When total debt does not constitute an unreasonable burden to the District and its taxpayers

or ratepayers.

- d. When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves
  - i. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:
    1. The project to be financed must be approved by the Board of Directors (Board).
    2. The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
    3. The District estimates that sufficient revenues will be available to service the debt through its maturity.
    4. The District determines that the issuance of the debt will comply with the applicable state and federal law.
2. Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows to maintain a steady and even cash flow balance as in anticipation of periodic receipts of water sales and other revenues. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment consistently with debt limit requirements of article XVI of the California Constitution, article XVI, § 18.
3. Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with this policy.

**5048.5 Types of Debt - The following types of debt are allowable under this Policy:**

1. State Revolving Loan Funds
2. Other revenue bonds and COPs
3. Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
4. Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
5. Refunding Obligations
6. Lines of Credit
7. Bond or grant anticipation notes (BANs)
8. Tax and other revenue anticipation notes (TRANS)
9. General obligation bonds (GO Bonds)
10. Tax increment financing to the extent permitted under State law

The Board of Directors (Board) may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

**5048.6 Financing Team – Roles and Responsibilities.** The primary responsibility for developing debt financing recommendations rests with the Director of Finance and Administration (Director) or his or her

designee. In developing such recommendations, the Director shall consider the need for debt financing and assess progress on the current capital improvement program (CIP). The Director will present all proposed debt financings to the General Manager and the Board of Directors (Board) , which has sole authority to approve the issuance of debt.

1. Bond Counsel - The District and each related entity will retain external bond counsel for all debt issues. Bond counsel will prepare the necessary authorizing resolutions, agreements and other documents necessary to execute the financing. All debt issued by the District will include a written opinion by bond counsel affirming that the District or related entity is authorized to issue the debt, stating that the District or related entity has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.
2. Financial Advisors - The District and each related entity will utilize the services of independent financial advisors when deemed prudent by the Director and the General Manager. Services and compensation caps shall be defined by contract. The primary responsibilities of the financial advisor are to advise and assist on bond document negotiations, transaction structuring including advising on call provision options and timing of issuance, running debt service cash flow analyses, assistance in obtaining ratings on the proposed issuance, and generally acting as an independent financial consultant and economic market expert.
3. Underwriters - For negotiated sales, the District and each related entity will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposals or qualifications to firms considered appropriate for the underwriting of a particular issue or type of bond. The Director and the General Manager will determine the appropriate method to evaluate the underwriter submittals and then select or qualify firms on that basis. The District and its related entities will not be bound by the terms and conditions of any underwriting agreements; oral or written, to which it was not a party.

#### **5048.7 Structure and Term**

1. Term of Debt – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. The standard term of long- term debt borrowing is 10 to 30 years. Consistent with its philosophy of keeping capital facilities and infrastructure systems in good condition and maximizing capital assets useful life, the District will budget to set aside operating revenue to finance ongoing maintenance and to provide reserves for rehabilitation and replacement. No debt will be issued for periods exceeding the useful life of projects to be financed.
2. Debt Repayment – In structuring a bond issue, the District and each related entity will manage the amortization of the debt and, to the extent possible, match its cash flow to the anticipated debt service payments. In addition, the District and each related entity will seek to structure debt with aggregate level debt service payment over the life of the debt. A non-level debt service structure will be considered if it is beneficial to the District's or related entity's overall debt payment schedule, or if such structuring will allow debt service to match project revenues more closely during the early years of a project's operation.
3. Interest Rate Structure – The District and each related entity currently issues long- term debt on a fixed interest rate basis only. Fixed rate securities ensure budget certainty through the life of the issue and avoid the volatility of variable rates.
4. Credit Enhancement - The District and each related entity will consider the use of credit enhancement on a case-by-case basis. Types of credit enhancement include letters of credit, bond insurance, and surety policies. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

5. Debt Service Reserve Funds – Debt service reserve funds are held by the Trustee to make principal and interest payments to bondholders in the event that pledged revenues are insufficient to do so. The District and each related entity will fund debt service reserve funds when it is in the District's or such related entity's overall best financial interest. In lieu of holding a cash funded reserve, the District and each related entity may substitute a surety bond or other credit instrument in its place. Additionally, the District and its related entities may decide not to utilize a reserve fund if the financing team determines there would be no adverse impact to the District or related entity credit rating or interest rates.
6. Call Provisions - In general, the District's and its related entities' securities should include optional call provisions. The District and its related entities will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.
7. Debt Limits - There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the District or its related entities. The District's and its related entities' borrowing capability is limited by the additional bonds test and debt coverage ratio required by the existing bond covenants. The District and its related entities will be mindful of its overall debt burden in the context of its revenues, expenses, reserves, and overall financial health.
8. Refunding - Current and advance refunding are important debt management tools for the District and its related entities. They are commonly used to achieve debt service (interest cost) savings, remove or change bond covenants, or restructure debt service obligations. With consideration of the Federal Tax Law, careful planning and timing must be used when reviewing an advance refunding. To the extent that debt having fixed interest rates originally structured with a long- term amortization structure (ten years or greater) is refunded with fixed rate debt, the District and its related entities will not generally issue refunding debt which extends beyond the final maturity of the refinanced debt. Extending the final maturity may occur when warranted, such as restructuring of debt to match debt amortization with the useful life of the financed assets.

#### **5048.8 Policy Goals Related to Planning Goals and Objectives**

1. The District is committed to long-term financial planning, maintaining appropriate reserves and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budgets.
2. It is a policy goal of the District to protect taxpayers, ratepayers and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.
3. The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.
4. When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.
5. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to temporarily reduce annual budgetary expenditures. Capital investments intended to reduce District operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.

6. The District shall seek to time debt issues to avoid the need for unplanned general fund expenditures for capital improvements or equipment.

#### **5048.9 Internal Control Procedures**

1. When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:
  - a. Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12.
  - b. Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
  - c. The District's investment policies as they relate to the use and investment of bond proceeds.
2. Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the Director of Finance and Administration (Director) of the District (or his or her designee), or (b) by the District, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the District in records compliance with current accounting standards and subject to the District's annual audit.