

**REGULAR MEETING OF THE BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
February 12, 2018
10:00 a.m.**

The Board of Directors of Groveland Community Services District met in regular session on the above mentioned date with Directors Robert Swan, President, Janice Kwiatkowski, and Spencer Edwards, being present. Also present was Admin Office Manager/District Secretary Jennifer Flores and Interim General Manager Pete Kampa.

Call to Order

Director Swan called the meeting to order at 10:00 am.

Absent: Director Armstrong

Agenda Approval

Motion

Director Swan moved, seconded by Director Kwiatkowski, and the motion passed to approve the agenda as written.

Ayes: Directors Swan, Edwards, and Kwiatkowski

Absent: Director Armstrong

Action Items to be Considered by the Board of Directors

Public Comment

Division Chief Paul Avila informed the Board that the State is keeping the Merrell Road station open and funding it, and that he would keep the Board informed of any changes.

Consent Calendar

- A. Approve Minutes from the January 8, 2018 Regular Meeting
- B. Approve Minutes from the January 11, 2018 Special Meeting
- C. Approve Minutes from the January 17, 2018 Special Meeting
- D. Approve Minutes from the January 30, 2018 Special Meeting
- E. Approve Minutes from the February 1, 2018 Special Meeting
- F. Waive Reading of Ordinances and Resolutions Except by Title

Admin Office Manager/District Secretary Jennifer Flores stated that Director Kwiatkowski's name was spelled incorrectly in areas of the minutes and that staff will correct this error.

Motion

Director Edwards moved, seconded by Director Kwiatkowski, and the motion passed to approve the Consent Calendar.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Consider for Approval Authorizing up to Three Directors to Attend the CSDA Leadership Academy Conference in Monterey, April 15-18, 2018

Interim General Manager Pete Kampa presented the item to the Board. A discussion ensued between the Board, staff, and public.

Motion

Director Swan moved, seconded by Director Edwards, and the motion passed to send up to three directors to attend the SDLA Conference in Seaside in April and to specifically authorize Directors Edwards and Kwiatkowski to attend.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Consider for Approval Adoption of Resolution 6-18, A Resolution of the Governing Body of the Groveland Community Services District, Declaring that Governing Body Members and Volunteers Shall be Deemed to be Employees of the District for the Purpose of Providing Workers' Compensation Coverage for Said Certain Individuals While Providing their Services

Mr. Kampa presented the item to the Board and stated that this was a resolution to allow Board members and volunteers of the District to be covered by the District's Worker's Comp while providing services to the District. A discussion ensued between the Board, staff, and public.

Motion

Director Swan moved, seconded by Director Kwiatkowski, and the motion passed to approve Resolution 6-18, A Resolution of the Governing Body of the Groveland Community Services District, Declaring that Governing Body Members and Volunteers Shall be Deemed to be Employees of the District for the Purpose of Providing Workers' Compensation Coverage for Said Certain Individuals While Providing their Services.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Consider for Approval Adoption of Resolution 7-18, A Resolution Approving Amendments to the Board of Director's Policy Related to Regular Board Meetings and Establishing a Revised Meeting Date and Time

Director Swan presented the item to the Board and stated that the topic of changing the date and time of the regular meeting was discussed previously by the Board in an effort to accommodate and increase public participation. A discussion ensued between the Board, staff, and public. The Board agreed that the current date and time worked best and that it would hold a special meeting to accommodate the public for "hot topic" items.

Motion

Director Swan moved, seconded by Director Kwiatkowski, and the motion passed to approve 7-18, A Resolution Approving Amendments to the Board of Director's Policy Related to Regular Board Meetings and Establishing a Revised Meeting Date and Time with the change that item three read the regular meetings will be held the second Monday of the month at 10:00am.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Consider for Approval a Revised Standing Finance Committee Meeting Schedule

Director Swan presented the item to the Board. A discussion ensued between the Board, staff, and public regarding how and when the financials will be presented to the Board and public.

The item was tabled until a future date.

Consider for Approval Adoption of Resolution 8-18, A Resolution Approving Agreement with Sterling Services for As-Needed Administrative and Capital Project Related Consulting Services

Director Swan presented the item to the Board. A discussion ensued between the Board, staff, and public. Mr. Kampa stated that if he needed to engage Mr. Jon Sterling often for some reason, he would bring back the agreement at a later date for the Board to consider. No Board action was taken.

Discussion and Potential Action Regarding the Wastewater Rate Study Currently Under Development by Bartle Wells Associates

Mr. Kampa stated that in front of the Board was a memorandum from the District's engineer regarding the status of the District's grants. He further discussed the grant assumptions the sewer rate study report reflected. A discussion ensued between the Board, staff, and public regarding grant revenue assumptions.

Motion

Director Swan moved, seconded by Director Edwards, and the motion passed to approve directing the Interim General Manager to continue working with Bartle Wells to complete the wastewater rate study by March 30, 2018 in accordance with the direction provided by the Board.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Discussion and Action Providing Direction and Priorities for the Interim General Manager through the Establishment of Management Objectives

Mr. Kampa presented the item to the Board and stated that he is requesting that each Board member send him a list of the goals and objectives they have for the District wherein he will create a list the Board agrees on and report the progress of the items on a quarterly basis. A discussion ensued between the Board, staff, and public.

A special meeting was scheduled for February 26th at 10:00am to go over the list he will compile of the goals and objectives received from both the Board and staff.

Approval to Proceed with the Establishment of a Board Workshop Date for the Development of Norms for Board Member Conduct to Facilitate Effective Deliberations; and Protocol to Create the Structure and Process for Effective Board Meetings

Mr. Kampa presented the item the Board. A meeting was scheduled for March 8th at 10:00am to conduct the workshop.

Consider for Approval \$40,000 Mid-Year Budget Adjustment to GL Line Item 050-800-80-602-00 for Purchase of Generator for AWS Tank #2 Booster System Project

Ms. Flores presented the item to the Board and stated that the Board directed staff to pursue the generator option for the project as opposed to the more expensive PG&E option. She further stated that there was \$43,177 left over from the previous fiscal year for the project that was not carried over to the current fiscal year that will cover the cost of the generator.

Motion

Director Swan moved, seconded by Director Edwards, and the motion passed to approve a \$40,000 Mid-Year Budget Adjustment to GL Line Item 050-800-80-602-00 for Purchase of Generator for AWS Tank #2 Booster System Project.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

Information Items

Ad Hoc Committees Reports

A. General Manager Recruitment Committee (Directors Edwards & Kwiatkowski)

Director Edwards stated the committee was successful in recruiting an interim general manager and will now begin the recruitment process for a full time general manager. A meeting was scheduled for Friday, February 23rd at 10:00am.

B. Budget Committee (Directors Swan & Armstrong)

Director Swan requested that staff contact the committee when they have a draft budget to review.

Standing Committee Reports

A. Park Committee (Directors Kwiatkowski & Edwards)

Director Kwiatkowski stated the committee is looking to get the wants and needs of the community to better guide them with park priorities.

B. Water Conservation (Director Swan)

Director Swan stated the next meeting is February 21st.

C. Finance Committee (Directors Swan and Armstrong)

Director Swan stated that the committee reviewed the 2nd quarter financial statements at their last meeting.

D. Equipment Review Committee (Directors Armstrong & Swan)

No Report.

D. Fire Department (Directors Armstrong & Edwards)

No Report.

Staff Reports

A. General Manager's Comments

Mr. Kampa stated that he has enjoyed his time at the District so far and that the District has a great staff.

B. Operations and Maintenance

Luis Melchor Operations and Maintenance Manager presented his report to the Board.

C. Admin/Finance

Ms. Flores presented the Admin report to the Board and discussed the revised legal and engineer fee document included in the Board packet.

Director Comments

Director Edwards stated that he was concerned that the District does not have sufficient staffing.

Director Swan stated his personal belief was that the District was a staff member short in Admin.

The Board convened into closed session at 12:47pm.

Closed Session - Public Employee Appointment

Public Comment will be taken on the item(s) below prior to the Board convening the Closed Session. Following Closed Session, the Board will reconvene the open session and publicly disclose any reportable action.

Government Code Section 54956.95, Title: General Manager

The Board reconvened into open session at 1:21pm.

Announcement out of Closed Session

No reportable action.

Adjournment

Motion

Director Swan moved, seconded by Director Edwards, and the motion passed to adjourn the meeting at 1:21pm.

Ayes: Directors Kwiatkowski, Edwards, and Swan

Absent: Director Armstrong

APPROVED:

Robert Swan, President

ATTEST:

Jennifer Flores, Board Secretary

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
February 17, 2018
6:00 p.m.**

The Board of Directors of Groveland Community Services District met in special session on the above mentioned date with Directors Robert Swan, President, John Armstrong, Vice President, Spencer Edwards, and Janice Kwiatkowski, being present. Also present was Admin Office Manager/District Secretary Jennifer Flores.

Call to Order

Director Swan called the meeting to order at 6:00 p.m. at the Tenaya Elementary School cafeteria.

Agenda Approval

Motion

Director Swan moved, seconded by Director Armstrong, and the motion passed unanimously to approve the agenda as written.

Action Items to be Considered by the Board of Directors

Conduct Board Candidate Forum (30 min)

Public Comment

Members of the public expressed concern that candidate Lawrence Soe may potentially have a conflict of interest as he is employed by the San Francisco Public Utility Commission as well as whether his Pine Mountain Lake home was where he permanently resides.

Interview Candidates

Candidate Nany Mora introduced herself and presented reasons why she is seeking appointment to the Board. The Board conducted the interview process with Ms. Mora.

Candidate Lawrence Soe introduced himself and presented reasons why he is seeking appointment to the Board. The Board conducted the interview process with Mr. Soe.

Consider for Approval Appointing Candidate to Vacant Board Seat

A discussion ensued between the Board.

Motion

Director Edwards moved, seconded by Director Kwiatkowski, and the motion passed unanimously to appoint Nancy Mora to the vacant Board seat.

Administer Oath of Office to Appointed Candidate

Board Secretary Jennifer Flores administered the oath of office to Ms. Mora.

Newly Appointed Candidate Takes Seat on Board

Ms. Mora took her seat on the Board.

Director Comments

The directors welcomed Ms. Mora to the Board.

Adjournment

Motion

Director Swan moved, seconded by Director Armstrong, and the motion passed unanimously to adjourn the meeting at 7:00 p.m.

APPROVED:

ATTEST:

Robert Swan, President

Jennifer Flores, Board Secretary

DRAFT

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
February 26, 2018
10:00 a.m.**

The Board of Directors of Groveland Community Services District met in special session on the above mentioned date with Directors Robert Swan, President, John Armstrong, Vice President, Spencer Edwards, Nancy Mora, and Janice Kwiatkowski, being present. Also present was Admin Office Manager/District Secretary Jennifer Flores and Interim General Manager Pete Kampa.

Call to Order

Director Swan called the meeting to order at 10:05am.

Agenda Approval

Motion

Director Armstrong moved, seconded by Director Edwards, and the motion passed unanimously to approve the agenda as written.

Action Items to be Considered by the Board of Directors

Approval for director Nancy Mora to attend the CSDA Leadership Academy Conference in Monterey, April 15-18, 2018

Motion

Director Armstrong moved, seconded by Director Edwards, and the motion passed unanimously to approve Director Mora to attend the CSDA Leadership Academy Conference.

Discussion and action related to the development of Management Objectives which detail the expectations of Board of Directors regarding the performance of the (Interim) General Manager

Interim General Manager Pete Kampa made a presentation to the Board regarding the goals and objectives for the District received by both staff and the Board. A discussion ensued between the Board, staff, and public.

Adjournment

Motion

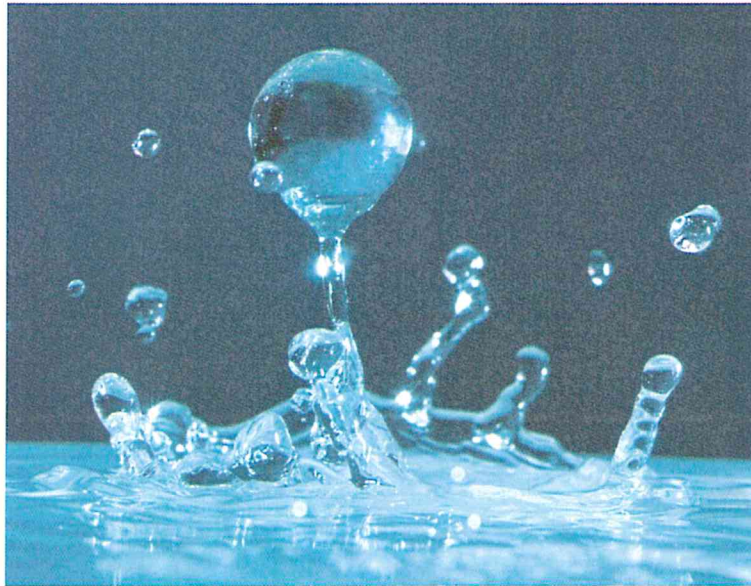
Director Swan moved, seconded by Director Armstrong, and the motion passed unanimously to adjourn the meeting at 12:12pm.

APPROVED:

ATTEST:

Robert Swan, President

Jennifer Flores, Board Secretary



ACCOUNTS PAYABLE CHECK LISTING

February, 2018
Fiscal Year 17/18
Board Approval _____

Bank Reconciliation

Checks by Date

User: dpercoco
 Printed: 03/02/2018 - 2:29PM
 Cleared and Not Cleared Checks



Check No	Check Date	Name	Comment	Module	Clear Date	Amount
115281	2/1/2018	Operating Engineers Local #3		AP	2/28/2018	269.06
901824	2/1/2018	Dept of Child Support Services		AP	2/28/2018	235.95
901825	2/1/2018	EDD - Electronic		AP	2/28/2018	2,640.77
901826	2/1/2018	Federal EFTPS		AP	2/28/2018	8,433.89
901827	2/1/2018	Pers - Electronic		AP	2/28/2018	4,502.40
901828	2/1/2018	TD Ameritrade Trust Co.		AP	2/28/2018	300.00
115261	2/2/2018	Brandon Klein		PR	2/28/2018	484.61
16322	2/12/2018	Accela, Inc. #774375		AP	2/28/2018	962.95
16323	2/12/2018	Anthem Blue Cross		AP	2/28/2018	847.29
16324	2/12/2018	Columbia Communications		AP	2/28/2018	83.00
16325	2/12/2018	Dataprose Inc.		AP	2/28/2018	1,811.32
16326	2/12/2018	Ann Daws		AP		11.61
16327	2/12/2018	Drugtech Toxicology Services, LLC		AP	2/28/2018	108.00
16328	2/12/2018	Ferguson Enterprises Inc. #1423		AP	2/28/2018	1,053.88
16329	2/12/2018	GCSD		AP	2/28/2018	3,548.74
16330	2/12/2018	General Supply Co		AP	2/28/2018	718.03
16331	2/12/2018	Gilbert Associates, Inc.		AP	2/28/2018	3,100.00
16332	2/12/2018	Grainger		AP	2/28/2018	110.04
16333	2/12/2018	Groveland Transfer Station		AP		156.15
16334	2/12/2018	Hach		AP	2/28/2018	3,486.25
16335	2/12/2018	KC Auto Parts		AP		193.66
16336	2/12/2018	KC Courier, LLC		AP		379.00
16337	2/12/2018	Lowe's Companies, Inc.		AP	2/28/2018	285.59
16338	2/12/2018	Miles Massone		AP	2/28/2018	23.37
16339	2/12/2018	Moore Bros. Savenger Co., Inc.		AP	2/28/2018	460.96
16340	2/12/2018	Mother Lode Answering Service		AP	2/28/2018	169.00
16341	2/12/2018	Mountain Oasis Water Systems		AP	2/28/2018	62.50
16342	2/12/2018	Nationwide Long Distance Service, Inc.		AP	2/28/2018	9.50
16343	2/12/2018	O'Reilly Auto Parts		AP	2/28/2018	761.29
16344	2/12/2018	Ronald Percoco		AP	2/28/2018	2,157.00
16345	2/12/2018	PG&E		AP	2/28/2018	506.73
16346	2/12/2018	PML Hardware & Supply Inc.		AP	2/28/2018	847.78
16347	2/12/2018	Ray Sues Insurance & Invst		AP	2/28/2018	6,347.59
16348	2/12/2018	Sterling Services		AP	2/28/2018	1,950.00
16349	2/12/2018	Thomas & Associates		AP	2/28/2018	43,864.68
16350	2/12/2018	Anthony Trujillo		AP	2/28/2018	72.10
16351	2/12/2018	Tuo. Co. Public Power Agency		AP	2/28/2018	12,540.48
16352	2/12/2018	Two Guys Pizza		AP		47.25
16353	2/12/2018	WorkSmart Automation, Inc.		AP	2/28/2018	1,340.00
16354	2/12/2018	Zalreich Chemical Co		AP	2/28/2018	1,813.77
115297	2/14/2018	Franchise Tax Board		AP		262.00
115298	2/14/2018	Operating Engineers Local #3		AP		269.06
901829	2/14/2018	Dept of Child Support Services		AP	2/28/2018	235.95
901830	2/14/2018	EDD - Electronic		AP	2/28/2018	1,937.67
901831	2/14/2018	Federal EFTPS		AP	2/28/2018	7,779.76
901832	2/14/2018	Pers - Electronic		AP	2/28/2018	4,502.40

Check No	Check Date	Name	Comment	Module	Clear Date	Amount
						449,957.89
						45782.99
						\$495740.88

AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter J. Kampa, Interim GM

DATE: March 12, 2018

SUBJECT: Item 3e - Approval of Variance to Operating Policy Section 408.2, Purchasing of Materials, Supplies and Equipment Not Related to New Construction, to Allow for the Purchase of a Specific Brand of Water Quality Analyzer

SUMMARY

District operations is in the process of purchasing a standard budgeted item costing in excess of \$3000 and required to monitor the quality of water. In an attempt to mandate competitive bidding on items costing over \$3000 each, our current policy is overly restrictive in its requirements related to purchasing, which can cause the District to have to stock chemicals, reagents, parts and attend training for multiple types of monitoring equipment. The relevant policy section is as follows:

B. When procuring materials, supplies and equipment costing over Three Thousand Dollars (\$3,000.00) the purchase shall be based, wherever possible, on at least three (3) bids/quotes. The bid/quote shall be awarded to the lowest responsible bidder.

C. When the District requires supplies, materials or equipment which are produced by only one manufacturer, such lists shall also include the phrase "or approved equivalent" to permit bidders to bid on alternative or additional makes, brands or types which are proved to be the equivalent to the manufacturer's make or brand specified. If the manufacturer or his representative is the sole responsible bidder or sole source of supply, the General Manager may negotiate an open market order or contract with the manufacturer or his representative at prices and on terms most advantageous to the District.

When the District requires supplies, materials or equipment which are patented or proprietary, and which are obtainable in two (2) or more equally satisfactory and competitive makes, brands or types, the District may list such acceptable and competitive makes, brands or types in the invitation to bid. Such lists shall also include the phrase "or approved equivalent" to permit bidders to bid on alternative or additional makes, brands or types. It shall be incumbent on each bidder to prove to the satisfaction of the General Manager that the alternate or additional make, brand or type which he offers is actually equal in quality or performance to those listed in the invitation to bid.

This policy should be updated at a future meeting, but in the interim, please see the attached memo from Chief Plant Operator Greg Dunn. Under our current policy, the General Manager is not allowed to approve the purchase of this standard district item, without bidding for alternatives. Alternatives to the HACH device are not acceptable as we do not stock appropriate service and repair parts.

RECOMMENDED ACTION

Approval of Variance to Operating Policy Section 408.2, Purchasing of Materials, Supplies and Equipment Not Related to New Construction, to Allow for the Purchase of a Specific Brand of Water Quality Analyzer

ATTACHMENTS

Greg Dunn Memo

FINANCIAL IMPACTS

There is no anticipated financial impact by waiving the requirements for bidding, and bidding alternatives in this case could actually increase District costs.

Memorandum

Date: March 8, 2018
To: GCSD Board Members and General Manager
From: Chief Plant Operator
Subject: Purchase of Monochloramine Analyzer and Turbidimeter from Hach

I am requesting to purchase the SC5500 Chloramine Analyzer and the TU5400 Turbidimeter from Hach without the required bidding process. It is important to understand that the equipment should be of the same make and brand for interchangeability should a problem arise. 3 different models from three different manufactures means that 3 different forms of calibration equipment would need to be purchased, operators trained for such, and 3 different backups that would need to be on the shelf when one should be sufficient.

Recommended Action:

Permission to purchase SC5500 and TU5400 from Hach without the required bidding process.

Thank you for your consideration,

Greg Dunn

Chief Plant Operator

AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter J. Kampa, Interim GM

DATE: March 12, 2018

SUBJECT: Item 5 - Discussion and Action Related to the Development of a District Committee Workplan for 2018 and Potential Revision to Existing Committees

SUMMARY

As discussed during the Board's Norms and Protocol workshop, the number of District committees can be reduced, and their roles redefined to maximize staff efficiency and optimize the outcome of committee efforts. The Board's current policy as it relates to committees is as follows:

3.2 Committees

The Board may create standing or ad hoc committees at its discretion.

3.2.1 Committee Authorities

Unless authority to perform a duty is expressly delegated by the Board to a Committee, committee motions and recommendations shall be advisory to the Board.

Committees shall not commit the District to any policy, act or expenditure nor may any committee direct staff to perform specific duties unless authorized by the Board. The Committee Chair is authorized to schedule committee meetings as deemed necessary and to preside at any such meeting.

3.2.2 Ad hoc Committees

The President shall appoint such ad hoc committees as may be deemed necessary or advisable by herself/himself and/or the Board. Ad hoc committees are formed for a specific, singular purpose and/or to reach a specific goal within a finite time period. The duties of ad hoc committees shall be outlined at the time of appointment, and the committee shall be considered dissolved when its final report has been made.

3.2.3 Standing Committees

The Board's standing committees may be assigned to review District functions, activities, and/or operations pertaining to their designated concerns, as specified at the time that the standing committee is formed. The standing committee's purpose may be amended from time to time at the Board's discretion. Said assignment may be made by the Board President, a majority vote of the Board, or on their own initiative. Any recommendations resulting from said review should be submitted to the Board via a written or oral report.

3.2.3.1 Standing Committee Meetings

All meetings of standing committees shall conform to all open meeting laws (e.g., "Brown Act") that pertain to regular meetings of the Board of Directors.

3.2.3.2 Standing Committee Members

The Board President shall appoint and publicly announce the members of the standing committees at the time of their initial formation and thereafter for the ensuing year no later than the Board's regular meeting in January.

Pursuant to its policy, the Board has appointed the following Standing Committees:

- A. Park Committee (Directors Kwiatkowski & Edwards) First Tuesday of the month at 9:00am
- B. Water Conservation (Director Swan) Third Wednesday of the Month at 10:00am
- C. Finance Committee (Directors Swan & Armstrong) Was 6th week after the end of the quarter, but new schedule was currently in consideration
- D. Equipment Review Committee (Directors Swan & Armstrong) Not yet set
- E. Fire Department (Directors Armstrong & Edwards) Not yet set

The following Ad-hoc Committees have been appointed:

- A. General Manager Recruitment Committee (Directors Edwards & Kwiatkowski)
- B. Budget Committee (Directors Swan & Armstrong)

As discussed, with a small staff, it can consume significant time and energy to conduct monthly committee meetings. Currently, it seems as though the District's top staff is constantly preparing for and attending committee and Board meetings, leaving little available time for advancing the priorities of the Board.

Committees can be very worthwhile when established for a specified purpose; to engage the public and a portion of the Board in major issues prior to being heard by the full Board. They can help management determine if a major decision will be supported, and how to adjust such a proposal for increased palatability. However, management does not require ongoing guidance and advice on every management issue, which tends to occur with overly active standing committees.

If standing committees are eliminated, their subject matter will be taken up by management outside of Board meetings when not a policy matter, or by the full Board if necessary either in a meeting or workshop. If extensive input or research is necessary on an issue, the Board President can appoint an ad-hoc committee with a specified purpose and termination date.

RECOMMENDED ACTION

Staff recommends the following motion:

I move to eliminate the Standing Water Conservation, Fire Department, Park, Finance and Equipment Review Committees; with the understanding that major policy issues will be evaluated/researched by individually appointed Ad-hoc committees and/or taken up in full Board workshops.

ATTACHMENTS

None

FINANCIAL IMPACTS

There is no anticipated financial impact by eliminating standing committees. There will, however, be a marked reduction in staff time necessary for the preparation for and attendance at committee meetings.

AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter J. Kampa, Interim GM

DATE: March 12, 2018

SUBJECT: **Item 6 - Consideration of Adoption of a Resolution 8-18 Approving Amendment to Section 409 Investment of District Funds of the District Operational Policies and Procedures Manual**

SUMMARY

The District's current investment policy is outdated, assigning responsibility to a position/title of Admin/Finance Manager that no longer exists in the District. State law requires that the District appoint a Treasurer, who is not a member of the Board but may be the General Manager, who shall be responsible for the District finances, including investments.

District staff will research whether the previous Admin/Finance Manager position was appointed as Treasurer and if so, a replacement appointment will be recommended to the Board at a future meeting.

Attached is a draft revised policy Section 409, Investment of District Funds, for your consideration. Deleted words are shown in strikethrough text and added words in underlined text. Also included in this agenda packet is a draft resolution approving the proposed policy amendment.

RECOMMENDED ACTION

I move Adoption of Resolution 8-18 Approving Amendment to Section 409 Investment of District Funds of the District Operational Policies and Procedures Manual

ATTACHMENTS

- Draft resolution 8-18 approving the revised investment policy
- Draft revised policy language

FINANCIAL IMPACTS

There is no anticipated financial impact associated with amendment of this policy

RESOLUTION NO. 8-18

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GROVELAND COMMUNITY SERVICES DISTRICT APPROVING
AMENDMENTS TO THE DISTRICT INVESTMENT POLICY**

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, in accordance with California Government Code 61045, (g) The board of directors shall adopt policies for the operation of the district, including, but not limited to, administrative policies, fiscal policies, personnel policies, and the purchasing policies; and

WHEREAS, the District has previously adopted a policy governing the investment of District funds which is now currently outdated and in need of amendment; and

WHEREAS, the District has prepared draft amendments to said policy as contained herein as Exhibit A.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES HEREBY approve the amended Investment Policy as attached hereto as Exhibit A.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on March 12, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert Swan, President

ATTEST:

Jennifer L. Flores, Board Secretary

CERTIFICATE OF SECRETARY

I, Jennifer L. Flores, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on March 12, 2018.

DATED: _____.

409 INVESTMENT OF DISTRICT FUNDS

409.1 Purpose

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1). The purpose of this policy 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.

Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency. The investment policies and practices of the District are based on state law and prudent money management. All funds will be invested in accordance with the District's Investment Policy, and California Government Code Sections 53601, 53601.1, 53601.5 and 53635.5. When the District issues bonds, the investment of bond proceeds will be further restricted by the provision of relevant bond documents.

The ~~Admin/Finance Manager~~Treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)). For Groveland Community Services District, the ~~Admin/Finance Manager~~Treasurer shall be responsible for preparing and submitting such policy for adoption by minute action or by resolution of the District Board. The adopted Investment Policy shall be reviewed on an annual basis and the District Board shall approve any modifications to such policy by minute action or by resolution. The investment policy, as adopted by the District Board, shall be used to guide District staff in investment decisions and transactions.

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of Groveland Community Services District to invest funds not required for immediate needs of the District in a manner which will provide the highest investment return with the maximum safety while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Groveland Community Services District funds.

409.2 Scope

This investment policy shall apply to the investment of all funds of Groveland Community Services District except retirement funds and debt service funds held by Trustees for payment of bond redemption and interest.

409.3 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by District staff shall be the "prudent person" standard as found in §53600.3 of the Government Code of the State of California, and shall be

applied in the context of managing an overall portfolio. The ~~Admin/Finance Manager~~Treasurer, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

409.4 Objectives

As specified in California Government Code §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

A. Legality and Safety

Legality and safety of principal are the foremost objectives of the investment program. Investments of Groveland Community Services District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. Liquidity

The investment portfolio will remain sufficiently liquid to enable Groveland Community Services District to meet all projected, as well as expected and unexpected cash needs.

C. Return on Investments

The District shall seek to attain market average rates of return on all investments within the constraints imposed by State law, by the avoidance of capital losses and by cash flow considerations. The District's investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of asset in a specific issuer or class of securities and shall contain investments of varying lengths of maturity of five (5) years or less.

409.5 Delegation of Authority

Authority to manage the investment program is derived from California Government Code §53600, et seq. Management responsibility for the investment program is hereby delegated by the Board to the ~~Admin/Finance Manager~~Treasurer.

The ~~Admin/Finance Manager~~Treasurer shall render a semi-annual report to the Board specifying the type of investment, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than twelve (12) months, and a rate of interest. Under the provisions of California Government Code §53600.3, the ~~Admin/Finance Manager~~Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

409.6 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

409.7 Authorized Financial Institutions and Dealers

The ~~Admin/Finance Manager~~Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the ~~Admin/Finance Manager~~Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the ~~Admin/Finance Manager~~Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for Groveland Community Services District's account with the firm has reviewed Groveland Community Services District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to Groveland Community Services District that are appropriate under the terms and conditions of the Investment policy.

409.8 Permitted Investment Instruments

Permitted investment instruments for the District's assets are the following:

A. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

B. Obligations issued by Banks for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise, or such agencies or enterprises which may be created.

C. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. Preference may be given to local banks.

D. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided

that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the District's investment portfolio.

E. State of California's Local Agency Investment Fund. The LAIF portfolio should be reviewed periodically.

F. Investment Trust of California (CalTRUST). CalTRUST is a joint powers authority of California public agencies that serves as an investment alternative to LAIF.

G. Insured savings account or money market account.

409.9 Prohibited Investments

Under the provisions of California Government Code §53601.6 and §53631.5, Groveland Community Services District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero (0) interest accrual if held to maturity. Additional investments which are not permitted include repurchase agreements, banker's acceptances, commercial paper, and medium-term corporate notes.

409.10 Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the District to meet all projected obligations. The maximum maturity will be no more than five years from purchase date to maturity date.

409.11 Reporting

The ~~Admin/Finance Manager~~Treasurer shall submit to the District Board a semi-annual investment report, which shall consist of a cover report over the semi-annual reports generated by the investment fund and the Local Agency Investment Fund. The cover report shall include a certification that:

A. All investment actions executed since the last report have been made in full compliance with this Investment Policy, and

B. Groveland Community Services District will meet its cash flow requirements for the next six (6) months.

409.12 Investment Policy Review

This Investment Policy shall be reviewed, modified as needed, and approved on an annual basis by the Board of Directors. This should be done during the annual budgeting process.