



The Mission of the Las Gallinas Valley Sanitary District is to protect public health and the environment by providing effective wastewater collection, treatment, and recycling services.

DISTRICT BOARD
Megan Clark
Rabi Elias
Craig K. Murray
Judy Schriebman
Crystal J. Yezman

DISTRICT ADMINISTRATION
Mike Prinz,
General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Greg Pease,
Collection System/Safety Manager
Vacant
Administrative Services Manager

SPECIAL BOARD MEETING AGENDA

May 11, 2020

In accordance with Government Code Section 54956

Rabi Elias, Board President, has called for a Special Meeting

On March 12, 2020, Governor Newsom issued Executive Order N-25-20, which enhances State and Local Governments' ability to respond to COVID-19 Pandemic based on Guidance for Gatherings issued by the California Department of Public Health. The Executive Order specifically allows local legislative bodies to hold meetings via teleconference and to make meetings accessible electronically, in order to protect public health. In light of this, the May 11, 2020 meeting of the LGVSD Board will be held via Zoom electronic meeting. There will be NO physical location of the meeting. Due to the current circumstances, there may be limited opportunity to provide verbal comments during the meeting. Persons who wish to address the Board for public comment or on an item on the agenda are encouraged to submit comments in writing to the Board Secretary (tlerch@lgsd.org) by 5:00 pm on Friday, May 8, 2020. In addition, Persons wishing to address the Board verbally must contact the Board Secretary, by email (tlerch@lgsd.org) and provide their Name; Address; Tel. No.; and the Item they wish to address by the same date and time deadline for submission of written comments, as indicated above. Please keep in mind that any public comments must be limited to 3 minutes due to time constraints. Any written comments will be distributed to the LGVSD Board before the meeting.*

**Prior to the meeting, participants should download the Zoom app at: <https://zoom.us/download> A link to simplified instructions for use of the Zoom app is: <https://blog.zoom.us/wordpress/2018/07/03/video-communications-best-practice-guide/>*

REMOTE CONFERENCING ONLY

Join Zoom Meeting online at:

<https://us02web.zoom.us/j/85074040300>

OR

By teleconference at: +16699009128 Meeting ID 850 7404 0300

MATERIALS RELATED TO ITEMS ON THIS AGENDA ARE AVAILABLE FOR PUBLIC INSPECTION ON THE DISTRICT WEBSITE WWW.LGVSD.ORG

NOTE: Final board action may be taken on any matter appearing on agenda

Estimated Time

9:00 AM

1. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

9:05 AM

2. REVIEW BOARD POLICIES B-20, B-30, B-80, B-100, B-150, B-160, F-50, F-80, F-90 AND F-110

Board and staff to review and discuss potential changes to Board Policies B-20, B-30, B-80, B-100, B-150, F-50, F-80, F-90 and F-110.

12:00 PM

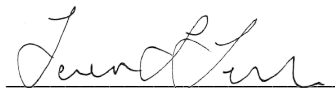
3. ADJOURNMENT

FUTURE BOARD MEETING DATES: MAY 21, JUNE 4th, AND JUNE 18, 2020

| | | |
|------------------|-----------------------------|-----------------------------------|
| AGENDA APPROVED: | Rabi Elias, Board President | Patrick Richardson, Legal Counsel |
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CERTIFICATION: I, Teresa Lerch, District Secretary of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before May 8, 2020 9:00 a.m., I posted the Agenda for the Board Meeting of said Board to be held May 11, 2020, at the District Office, located at 101 Lucas Valley Road, Suite 300, San Rafael, CA.

DATED: May 7, 2020



Teresa L. Lerch
District Secretary

The Board of the Las Gallinas Valley Sanitary District meets regularly on the First and Third Thursday of each month. The District may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held at the District Office, 101 Lucas Valley Road, Suite 300, San Rafael, CA. 94903

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 472-1734 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.



Item Number

Agenda Summary Report

To: LGVSD Board of Directors
From: Mike Prinz, General Manager *MSP*
Date: May 11, 2020
Re: Review of Various Board Policies
Item Type: Consent _____ Discussion X Information _____ Other _____
Standard Contract: Yes _____ No _____ (See attached)
Not Applicable: X

BACKGROUND

The Board has previously identified a variety of Board Policies for review and potential revision. The identified policies are B-20, B-30, B-80, B-100, B-150, B-160, B-170, B-180, F-50, F-80, F-90 and F-110.

Previous discussions regarding policy B-20 have occurred and included consideration of the attached table regarding guidelines for Board – Staff interaction. Action regarding including the table did not occur as a result of those conversations.

PREVIOUS BOARD ACTION

The Board was asked to identify Policies for review during the February 6, 2020 Board meeting.

ENVIRONMENTAL IMPACT

Not applicable

FISCAL IMPACT

Unknown.

STAFF RECOMMENDATION

Staff recommends that the Board review and discuss policies as described above. Once identified, requested policy revisions will be brought back to the Board for formal adoption as soon as practicable.

Table B-20, 1. Board/Staff Communication - For the Board

| If | Then |
|---|--|
| A. Board member has a specific piece of work to request staff to perform | Talk to the GM who will determine the priority and delegate the work to staff (Policy B-20-30, -40; B-120-70) |
| B. a staff member approaches a Board member and prefaces the conversation with “can you keep something confidential?” | Tell them you cannot. Given your role in the District, you can’t guarantee something will remain confidential. If it is an issue that impacts the District, you will have to (at minimum) talk with the GM about it. Whether or not they proceed to talk with you, report the conversation to the GM for possible follow up. |
| C. a staff member approaches a Board member with an allegation of harassment, discrimination, or other illegal activity | Listen to the employee’s explanation. Immediately follow up with the GM and encourage the employee to do the same. As soon as possible, write down the date, time and key elements of the conversation (Policy B-180 and Whistleblower Policy) and forward to the GM and District Counsel. |
| D. a staff member approaches a Board member with a complaint described in the Whistleblower Policy | Refer the employee to the steps outlined in the Whistleblower Policy 9 (Personnel Policy and Procedures), including timing and documentation specifics, and refer them to the GM. |
| E. a staff member approaches a Board member with a non-Whistleblower complaint or a non-harassment related complaint about another staff member | <p>Ask if the employee has talked with their boss, the GM, and/or their union rep about the issue.</p> <p>1. If the employee <u>has not</u> spoken with their boss and/or GM, <u>don’t engage</u>. Explain why you can’t get involved (chain of command/operational issue/Board must maintain its role as an appeal body). Encourage the employee to follow the chain of command and, if needed, discuss the issue with their union rep if they think a grievance may be warranted.</p> <p>2. If the employee <u>has</u> spoken with their boss but <u>not</u> the GM, <u>don’t engage</u>. Encourage the employee to follow the chain of command and to discuss the matter with the GM.</p> <p>3. If the employee <u>has</u> spoken with their boss <u>and</u> the GM, ask if the response was documented, and if it is part of a formal grievance. If it is part of a grievance, direct them to their union rep and <u>do not engage further</u> in order to preserve the Board role as an appeal body. If it is not part of a grievance, refer them to the grievance procedure in the MOU. Tell them you will notify the GM of the conversation and potential need for follow up.</p> |
| F. a staff member approaches a Board member with a complaint about the General Manager | Direct the employee to the President and District Counsel and follow up with Board President separately. Document the date and time of the conversation and nature of the allegation(s). |

Table B-20, 2. Board/Staff Communication - For Staff

| If | Then |
|---|---|
| a Board member approaches you and asks you to do a specific piece of work | Refer them back to the GM (Policy B-20) |
| a Board member contacts you with a request for information | Forward to GM for delegation, or, if minor, confirm with GM before responding and copy GM (Policy B-20-10 and B-20-30) |
| a Board member contacts you about personnel issues or hearsay | Don't discuss. You can say "I'm sorry, but I can't discuss that information," and inform the GM immediately. (Policy B-80-20 and B-80-30) |

*Please follow the chain of command when bringing forward issues. Give your supervisor and the GM an opportunity to work with you to resolve an issue before escalating it to the Board or talking negatively about the organization and your supervisors/managers.

B-20 BOARD MEMBER INTERACTION WITH STAFF

Purpose

This policy establishes procedures for Board Member communication with the General Manager and District Staff.

B-20-10 Communication Path. The general path of communication shall be Board to General Manager then General Manager to staff. The General Manager may delegate the communication directly to a Board member or staff member for particular issues only.

B-20-20 Non-Interference With Staff. Individual Board Members shall not interfere with or direct District staff nor use District facilities in such a way that the action is unreasonable or interferes with the operation of the District. Board members may contact District Counsel on legal questions.

B-20-30 Simple Information Requests. Individual Board members may make simple information requests of staff, through the General Manager. A Simple Information Request is one that would take the General Manager, District Staff or Counsel less than two hours to complete in the view of the General Manager.

B-20-40 Substantial Information Requests. Individual Board members may place an item on any future agenda to request a Substantial Information Request or to add an item on a future agenda (B-30-30). The request shall be made as a motion under the Board Request section of the agenda. A majority affirmative vote is necessary to approve the action. A Substantial Information Request is one that would take the General Manager, District Staff or Counsel more than two hours to complete in the view of the General Manager.

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| Resolution No. 2009-1872 | Date Approved: July 9, 2009 |
| President of the Board | Supersedes: |

B-30 BOARD MEETING AGENDA**Purpose**

This policy establishes the procedures to prepare Board agendas.

B-30-10 Preparation of Agenda. The General Manager, in cooperation with the Board President, shall prepare the agenda for all regular and special meetings of the Board in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54926).

B-30-20 Form and Order. The agenda form and order shall be at the discretion of the General Manager. The General Manager shall submit the agenda for approval to the Board President and legal counsel prior to issuing it.

B-30-30 Additional Items. Board members shall request to add agenda items at a Board meeting (see B-20-40). Any matter to be included in the agenda shall be provided, in writing, to the Board Secretary at least five (5) business days preceding the meeting. Such requests will be routinely respected unless there is a compelling reason to deny or delay such a request.

B-30-40 Public Requests. A request from the public for an additional agenda item for a regularly scheduled meeting of the Board shall be made in writing to the General Manager at least five (5) business days prior to the date of the meeting and shall be “a matter directly related to the District business.”

B-30-50 Attachments. All agenda matters that have attachments—with the exception of the warrant list—shall be included in the Board packet when delivered. If an attachment is not included in the Board packet, the item shall be provided to the Board in a timely manner.

B-30-60 Matters Not on Agenda. The Board may take public testimony at regular and special meetings on matters not on the agenda, but the Board shall not discuss nor take action on the matters at the meeting.

B-30-70 Special Circumstances. Only matters listed on the agenda may be discussed and acted upon by the Board, except in one of the following circumstances: (1) An “emergency situation” is declared by majority vote of the Board, (2) A need to take immediate action on a matter that arises after the agenda is posted is declared by a two-thirds vote of the Board, or unanimous if less than two-thirds of the Board is present, and (3) An item on a posted agenda is continued from a regular meeting held not more than five (5) days prior.

B-80 AUTHORITY OVER PERSONNEL

Purpose

This policy delegates to the General Manager general authority over personnel matters and authority to administer the District.

B-80-10 Administration. The Board delegates to the General Manager, as Executive Officer of the District and for the Board, the authority to administer the District with exclusive management and control of the operations and works of the District, subject to approval of the Board, and to provide day-to-day leadership of the District. The General Manager also has general charge, responsibility, and control over all property of the District.

B-80-20 Personnel Matters. The Board delegates to the General Manager general authority over personnel matters involving District staff, including, evaluating, disciplining, and discharging employees, without conflicting with union agreements.

B-80-30 Non-Interference. Individual Board members shall not interfere with the General Manager in District personnel matters.

B-80-40 Appointments. With the exception of emergency appointments, appointments require the approval of the District Board.

B-80-50 Discipline. The General Manager may suspend, demote, reduce in pay, or discharge any regular employee for just cause, and will inform the Board after taking such actions ASAP.

B-80-60 Wage Increases. The General Manager shall report to the Board when delaying, or not granting a regular or special wage step increase.

B-80-70 Employee Evaluations. Individual employee performance evaluations are privileged and confidential.

B-80-80 Other Duties. The General Manager shall have authority to carry out other duties specified in the District’s official job description for the position.

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| Resolution No. 2009-1872 | Date Approved: July 9, 2009 |
| President of the Board | Supersedes: |

B-100 BOARD MEMBER BENEFITS

Purpose

This policy establishes the rules for benefits for Board Members.

B-100-10 Insurance Choices. Each Board Member shall receive District Health Care and/or District Self-Insured Dental Care and/or District Long Term Care group insurance coverage at the sole choosing of the Board Member. The “cafeteria” insurance arrangement allows each Board Member to select one, two, or all three of the plans to fit individual needs.

B-100-20 Limits on Cost. The District shall pay up to \$200 per month to provide the cafeteria premium insurance coverage for each Board Member, with each Board Member responsible to pay any costs of the coverage above \$200 per month in insurance premiums. In-lieu of the cafeteria insurance coverage, Board members may receive up to \$200/month.

B-100-30 Eligibility. The group insurance coverage shall be available only to “active” Board Members.

B-100-40 Comparable Benefits. The Board has deemed that the benefits provided to Board Members are less than the benefits provided to District employees. The Board also has determined that the benefits are comparable to benefits received by other sanitary district directors in Marin County and are in accord with the comparative responsibilities and commitment that must be made by Board Members.

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| Resolution No. 2009-1872 | Date Approved: July 9, 2009 |
| President of the Board | Supersedes: |

B-150 MEMBERSHIPS

Purpose

This policy sets forth the rules for membership in associations and establishes who may represent the District.

B-150-10 Appropriate Memberships. To take advantage of in-service training opportunities, the Board may hold membership in and attend meetings of national, state, and local associations directly related to the purposes and operations of the District. Decisions to continue, discontinue or add new memberships shall occur through the annual budget process

B-150-20 Appointment of Representatives. The President shall appoint Board Members as representatives and alternates, as appropriate, to serve as contacts between the District and the associations. The representatives and alternates shall report to the Board in a timely manner on their activities involving these associations.

B-150-30 General Manager Memberships. The President may designate the General Manager as the appropriate representative or alternate in connection with memberships in any association. The General Manager may designate those associations or industry specific leadership with which his/her association is necessary or desired.

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| Resolution No. 2009-1872 | Date Approved: July 9, 2009 |
| President of the Board | Supersedes: |

B-160 LEGAL COUNSEL

Purpose

This policy establishes the process to select and hire a Legal Counsel for the District, and sets forth the duties of the Legal Counsel.

B-160-10 Method. The Board by resolution shall employ by contract or other appropriate means an attorney to serve as Legal Counsel for the District.

B-160-20 Selection Process. The process to select a Legal Counsel shall include, but not be limited to, the following: (1) issuance by the Board of a Request for Proposals, (2) appointment by the President of an ad hoc Board committee, which may include the President, to review the proposals in cooperation with the General Manager, (3) selection by the committee of leading candidates to be interviewed by the Board in closed personnel session, (4) background check of the leading candidate or candidates, and (5) selection of a Legal Counsel by the Board in open session. A fee schedule and other conditions of employment, including provisions for evaluation and termination, shall be negotiated between the Board and the legal counsel in closed personnel session and approved by the Board in open session.

B-160-30 Annual Review. The Board or a designated committee of the Board shall conduct an annual performance review of the Legal Counsel. The method will be determined by the Board or delegated by the Board to a committee.

B-160-40 Adviser. The Legal Counsel shall advise the Board and General Manager concerning their respective legal responsibilities for full compliance with all laws pertaining to the governing, administering, and operating of the District. The Legal Counsel shall review and comment on all appropriate matters that come before the Board and that may also involve the General Manager

B-160-50 Duties. Specific duties of the Legal Counsel shall include, but not be limited to, preparing and reviewing contracts, leases, deeds, agreements, and other legal documents; handling legal aspects of land and right-of-way actions; preparing and processing petitions and other documents involved in annexations; handling legislative matters of interest to or affecting the District; making all necessary preparations for Board elections and reviewing election procedures and returns; bringing to the Board’s attention matters of interest or concern; advising the Board on labor-law requirements; performing other tasks as ordered by the Board.

B-160-60 Attendance. The Legal Counsel will attend all meetings of the Board, as required. All action items requiring the attention of Legal Counsel shall be agendaized early in meetings to allow for Counsel’s release from the meeting.

B-160-70 Relationship to General Manager. The Legal Counsel shall advise the General Manager on appropriate legal matters and shall perform other duties as requested by the General Manager.

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| Resolution No. 2009-1872 | Date Approved: July 9, 2009 |
| President of the Board | Supersedes: |

F-50 RESERVES

Purpose

This policy establishes reserves, explains the purpose and reasons for the size of each reserve, and provides for the oversight of reserves.

The District requires reserves for operations and capital needs. Reserves provide financing safeguards for the District's operations. Such funds are available for extraordinary expenses and to fund cash flow. In addition, reserve fund investments generate earnings to supplement other revenues.

F-50-10 Reserve Fund Policies

| PURPOSE | OPERATING RESERVE Insure that a minimum balance of 7 months of average budgeted expenses is available. | RATE STABILIZATION Fund unexpected expense increases using the reserve. Replenish any reserves used over a 3 to 4 year period. | EMERGENCY REPAIR RESERVE Fund emergency repairs. Replenish the reserve over a 2 to 3 year period. | CAPITAL RESERVE Provide capital for major capital projects including upgrades and expansions. | TOTAL COMBINED RESERVES |
|---|---|--|--|---|-------------------------|
| CURRENT STATUS | | | | | |
| FY 2015/16 | \$2,322,631 | \$300,000 | \$ 956,378 | \$2,049,380 | \$5,628,389 |
| Target Balance | \$2,590,000, 3 months; 7 months needed | \$300,000 | \$1,000,000 | \$4,000,000 | \$7,890,000 |
| Risks and Consideration | When the balance is below the target, other reserves are used to meet cash flow needs. Provide for this reserve by increasing revenues to fund. | The reserve is used to absorb unexpected cost increases and spread them over more than one year. | Balance may be used to fund working capital needs and not be available for a catastrophic event. | Without a reserve, projects are funded with current year revenue in excess of O&M needs; or the District has to rely on bond financing. At the time the reserve balance was established the District had operating and capital reserves of \$10M. | |
| LONG-TERM GOALS | | | | | |
| Target Balance | \$5,930,000; 7 months of operating and debt service cash flow based on 2016/17 budget; amount will need to increase over time based on projected costs. | Board and staff to determine if the target balance of \$300,000 is adequate. | \$1,000,000; cost to repair a major pump station or other infrastructure. | \$4,000,000 average annual pay as you go CIP expenses for a two year period to recognize the fact that capital projects can span two fiscal years. | |
| The district will build up the reserves based on: (a) the annual Construction CPI and (b) annual allocations of property tax and ERAF funds, as available. | | | | | |
| Risks and Considerations | Due to the timing of revenue receipts an increased margin would be more comfortable. | A sudden increase in costs would have to be absorbed by operating reserves since the rate setting process occurs every 4 to 5 years. | The reserve would be able to absorb one major repair or several smaller ones; a catastrophic event would require federal or state funding. | Should be sufficient for cash funding or regular projects but may not be enough for larger infrastructure replacements where debt may be incurred. | |

F-80 DEBT ISSUANCE, POST ISSUANCE COMPLIANCE AND MANAGEMENT**Purpose**

This policy establishes procedures for the use of debt for financing the District's capital improvements.

F-80-10 Use of Long-term Debt. The District shall have a preference to finance capital improvements using pay-as-you-go financing and shall issue long-term debt only to finance capital improvements that cannot be readily financed from current revenues. Some exceptions to this may be made on a case-by-case basis for no-interest and extremely-low-interest loan programs for capital projects.

Debt financing shall be used only for major, non-recurring items or improvements with a minimum of five years of useful life; assets with a shorter useful life shall be financed using pay-as-you-go financing. The intended use of debt shall be described in and integrated into the District's Capital Improvement Plan and any long range financial forecasts.

F-80-20 Types of Debt. The District, either on its own or through a public benefit corporation, may issue general obligation bonds, certificates of participation, revenue bonds, borrow from a bank, borrow from the State of California through the use of state revolving fund loans, borrow from the Federal Government, or issue any other long or short-term instrument approved by and deemed appropriate by the Board of Directors to meet the capital financing needs of the District. Debt may be fixed rate or variable rate.

F-80-30 Length of Debt Obligations. The District shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.

F-80-40 Debt Service Limitations. The District shall not issue debt where the debt service amounts exceed its ability to pay current obligations from current revenues. This shall be calculated as follows: current operating revenues, less current operating expenditures, shall be at least 125% of anticipated total annual debt service for all outstanding long-term debt.

F-80-50 Use of Credit Enhancements. When issuing long-term debt, credit enhancements (letters of credit, bond insurance, etc.) may be used, but only when net debt service on the debt is reduced by more than the cost of the enhancement, or the enhancement is a requirement for the loan or debt issuance.

F-80-60 Bond rating. The District shall seek to maintain and, if possible, improve its current bond rating in order to minimize borrowing costs and preserve access to credit.

F-80-70 Financial disclosure. The District shall fully disclose financial and pertinent credit information as it relates to the District's outstanding securities.

F-80-80 Post Issuance Compliance with Federal Law. State and local governmental entities that borrow money on a tax-exempt basis are now required to report to the Internal Revenue Service whether they have established written procedures to comply with applicable requirements of federal tax law for all issues of bonds, certificates of participation, bond anticipation notes, tax anticipation notes, revenue anticipation notes, financing leases, energy performance contract financings, and any other instruments evidencing the borrowing of money (collectively the "Obligations"). The procedures set forth herein will assist the Las Gallinas Valley Sanitary District (collectively, the "Issuer"), in meeting the post-issuance requirements of federal tax law necessary to preserve the tax-exempt status of interest on tax-exempt Obligations issued by the Issuer.

These procedures address Obligations issued for physical facilities, property and equipment for the Issuer (the "Capital Obligations") and Obligations issued to finance cash-flow operating requirements of the Issuer (the "Cash-Flow Obligations").

F-80-80-1 General Procedures.

F-80-80-1a Responsible Official. The General Manager of the Issuer (herein referred to as the "Responsible Official") will identify such officers and employee(s) who will be responsible for each of the procedures listed below, and will notify such officers and employee(s) of the responsibilities, and provide those persons with a copy of these procedures. Upon employee transitions, the Responsible Official will advise the new personnel of their responsibilities under these procedures and will ensure they understand the importance of these procedures. If employee positions are restructured or eliminated, the Chief Financial Officer of the Issuer will reassign responsibilities as necessary.

F-80-80-1b Issuance of Obligations.

F-80-80-1b.1 Bond Counsel. The Issuer will retain a firm of nationally-recognized bond counsel ("Bond Counsel") to deliver a legal opinion in connection with the issuance of all Obligations. The Responsible Official will consult with Bond Counsel and other legal counsel and advisors, as needed, following the issuance of Obligations to ensure that applicable post-issuance requirements are met, so that interest on each issue of Obligations will be excluded from gross income for federal income tax purposes.

F-80-80-1b.2 Documentation of Tax Requirements. The federal tax requirements relating to each issue of Obligations will be set forth in a Tax Certificate (the "Tax Certificate") executed in connection with each issue of Obligations, which will be included in the closing transcript for each issue of Obligations. The Tax Certificate will contain certifications, representations, expectations and factual statements relating to the restriction on use of the assets and facilities financed or refinanced with Obligations by persons or entities other than the Issuer, changes in use of the assets and facilities financed or refinanced with the proceeds of Obligations, restrictions applicable to the investment of the proceeds of any Obligations and other moneys relating to the Obligations, and arbitrage rebate requirements. The Responsible Official will review the Tax Certificate prior to the date of issue of each issue of Obligations.

F-80-80-1b.3 Information Reporting. In connection with each issue of tax-exempt Obligations, the Issuer is required to file, or shall cause to be filed by Bond Counsel, an IRS Form 8038-G (or, if applicable, IRS Form 8038-GC). Any such IRS Form filed with the IRS, together with a proof of filing, will be included as part of the closing transcript for each issue of Obligations, or kept in the records maintained by Bond Counsel related to the appropriate issue of Obligations. The Responsible Official shall ascertain that such form has been filed in connection with each issue of Obligations.

F-80-80-1b.4 Record Retention.

General. Copies of all relevant documents and records sufficient to support that the tax requirements relating to all Obligations have been satisfied, including the following documents and records, should be maintained by the Issuer:

- (a) Closing transcript;
- (b) All records of investments, arbitrage reports, returns filed with the IRS and underlying documents;
- (c) Construction contracts, purchase orders, invoices and expenditure and payment records;
- (d) Documents relating to costs reimbursed with the proceeds of Capital Obligations;
- (e) All contracts and arrangements involving Private Use of the property financed with Capital Obligations;
- (f) All reports relating to the allocation of the proceeds of Obligations and Private Use of property financed with Capital Obligations;
- (g) Itemization of property financed with the proceeds of Capital Obligations; and
- (h) In connection with Cash-Flow Obligations, information regarding the Issuer's revenue, expenditures and available balances sufficient to support the Issuer's prospective and actual maximum cumulative cash.

F-80-80-1b.5 Duration of Record Retention. All of the foregoing documents and records should be retained for the term of the Obligations, plus three (3) years, or if the Obligations are refunded with the proceeds of a subsequent Obligation, the date three (3) years after the last of such refunding Obligations are refunded.

F-80-80-1c Capital Obligations.

F-80-80-1c.1 Timely Expenditure of Proceeds of Capital Obligations. At the time of issuance of Capital Obligations issued to fund original expenditures, the Issuer must reasonably expect to spend at least 85% of all proceeds within three (3) years of the date of issuance of the Obligations. In addition, for Capital Obligations, the Issuer must have incurred or expect to incur within six months after issuance original expenditures of not less than 5% of the amount of such proceeds, and must expect to complete the project financed with Capital Obligations (the "**Project**") and expend the proceeds of such Capital Obligations to pay Project costs with due diligence. Satisfaction of these requirements allows the proceeds of Capital Obligations issued for the Project to be invested at an unrestricted yield for three (3) years. Failure to satisfy these requirements

could subject the Issuer to rebate of investment income, and other penalties. The Responsible Official will monitor the appropriate capital project accounts to ensure that the proceeds of Capital Obligations are spent within the time period(s) required under federal tax law.

Capital Obligations issued to refinance outstanding Capital Obligations are subject to separate expenditure requirements, which shall be outlined in the Tax Certificate relating to such Obligations. In connection with the issuance of any Capital Obligations issued to refinance outstanding Capital Obligations, the Responsible Official will confirm that any rebate obligation due with respect to the original issue and any subsequent refinancing thereof has been met.

F-80-80-1c.2 Use of Proceeds of Capital Obligations. In general, proceeds (including investment income on original sale proceeds) of Capital Obligations, other than proceeds used to pay costs of issuance, should be spent on capital expenditures. For this purpose, capital expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment). Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the Project.

F-80-80-1c.3 Use of Facilities Financed with Capital Obligations. For the life of all Capital Obligations, the Project must be owned and operated by the Issuer. At all times while Capital Obligations issued for a Project are outstanding, no more than 10% of the proceeds of such Capital Obligations may be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit ("**Private Use**"). Generally, Private Use consists of any contract or other arrangement, including leases, management contracts (for example, contracts relating to the management or operation of a parking facility, food service operation or municipal utility system), operating agreements and guarantee contracts which provides for use of the facilities financed with Capital Obligations by a person who is not a state or local government on a basis different than the general public. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes "General Public Use". General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied.

F-80-80-1c.4 Management or Operating Agreements for Facilities Financed with Capital Obligations. Any management, operating or service contracts whereby a non-exempt entity is using facilities financed or refinanced with the proceeds of Capital Obligations must relate to portions of the Project that fit within the above-mentioned 10% allowable Private Use, or the contracts must meet the IRS safe harbor for management contracts (Revenue Procedure 97-13, as amended, or Revenue Procedure 2017-13, as applicable). Any renewals of or changes to such contracts should be reviewed by Bond Counsel. The Responsible Official shall contact Bond Counsel if there may be a lease,

sale, disposition or other change in use of facilities financed or refinanced with the proceeds of Capital Obligations.

F-80-80-1d Cash-Flow Obligations.

F-80-80-1d.1. Proper Sizing of Cash-Flow Obligations.

(a) The Issuer must reasonably anticipate that it will incur an actual maximum cumulative cash-flow deficit on a date on or before the close of the six-month period commencing on the issue date of the Cash-Flow Obligations equal to at least 100% of the issue price of the Cash-Flow Obligations (taking into account the Issuer's "reasonable working capital reserve" amount).¹

(b) The Responsible Official will determine the appropriate amount of Cash-Flow Obligations to issue.

(c) The Responsible Official shall determine whether or not the Issuer has met its requisite maximum cumulative cash-flow deficit within six months following the date of issuance of the Cash-Flow Obligations, and shall, to the extent necessary, obtain assistance from the Arbitrage Rebate Consultant, referred to below.

F-80-80-1e Investment Restrictions; Arbitrage Yield Calculation; Rebate.

F-80-80-1e.a Investment Restrictions. Investment restrictions relating to the proceeds of Obligations and other moneys relating to the Obligations are set forth in the Tax Certificate. The Responsible Official will monitor the investment of the proceeds of Obligations to ensure compliance with yield restriction rules.

F-80-80-1e.2 Arbitrage Yield Calculation. Investment earnings on the proceeds of Obligations should be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. The Issuer is responsible for calculating (or causing the calculation of) rebate liability for each issue of Obligations, and for making any required rebate payments. Any funds of the Issuer set aside or otherwise pledged or earmarked to pay debt service on the Obligations should be analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds and pledged funds (including gifts or donations linked to facilities financed with Capital Obligations). The Responsible Official will consult with Bond Counsel to confirm that all relevant arbitrage yield requirements are met.

¹ Alternatively, under the statutory safe harbor exception to rebate, at the time of issuance of Cash-Flow Obligations the Issuer may reasonably anticipate that it will incur an actual maximum cumulative cash-flow deficit on a date on or before the close of the six-month period commencing on the issue date of the Cash-Flow Obligations equal to at least 90% of the issue price of the Cash-Flow Obligations.

F-80-80-1e.3 Rebate. On or before the date of any required rebate payment (see below), the Issuer will retain a nationally recognized arbitrage rebate consultant (the “**Arbitrage Rebate Consultant**”) to perform rebate calculations that may be required to be made from time to time with respect to any issue of Obligations. The Responsible Official shall provide the Arbitrage Rebate Consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other calculations and generally interacting with the Arbitrage Rebate Consultant to ensure the timely preparation of rebate reports and payment of any rebate.

The reports and calculations provided by the Arbitrage Rebate Consultant will assure compliance with rebate requirements, which require the Issuer to make rebate payments, if any, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Capital Obligation. A final rebate payment, if due, must be made within sixty (60) days of the final maturity or redemption date of all Obligations.

Rebate spending exceptions for Capital Obligations are available for periods of 6 months, 18 months and 2 years. The Responsible Official will confer and consult with the Arbitrage Rebate Consultant to determine whether any rebate spending exception may be met.

In the case of Cash-Flow Obligations, within 60 days of the maturity date of such Cash-Flow Obligations, if there is concern as to whether the Issuer has met its requisite maximum cumulative cash-flow deficit, a rebate analyst should be promptly engaged to determine whether either the six-month spending exception or the statutory safe harbor exception to the rebate rules was met (in which case no rebate would be owed) or whether the investment income derived from the proceeds of the Cash-Flow Obligations is subject, in whole or in part, to rebate.

Copies of all arbitrage rebate reports, related return filings with the IRS (*i.e.*, IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described above. The Responsible Official will follow the procedures set forth in the Tax Certificate that relate to compliance with the rebate requirements with respect to any Obligations.

F-80-80-2 Additional Procedures.

F-80-80-2a. Periodic Monitoring. The Responsible Official will conduct periodic reviews of compliance with the foregoing procedures to determine whether any violations have occurred so that such violations can be remedied through the “remedial action” regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes to the terms or provisions of any Obligations are contemplated, the Responsible Official will consult with Bond Counsel, because such modifications could jeopardize the tax-exempt status of interest on the Obligations after they are modified.

F-80-80-2b. Use of Facilities. The Responsible Official will maintain records identifying any Private Use of the facilities or portion of facilities that are financed or refinanced with proceeds of Capital Obligations. Such records may be kept in any combination of paper or electronic form. In the event the use of the proceeds of Capital Obligations of the facilities financed or refinanced with the proceeds of Capital Obligations differs from the representations or factual statements in the Tax Certificate, the Responsible Official will promptly contact and consult with Bond Counsel to ensure that there is no adverse effect on the tax-exempt status of the Capital Obligations and, where appropriate, will remedy any violations through the “remedial action” regulations (Treas. Reg. Section 1.141-12), the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance), or as otherwise prescribed by Bond Counsel.

F-80-90 Internal controls. To ensure debt proceeds are used as intended, the District shall implement internal control procedures that include at least the following:

- Debt proceeds shall be deposited in an account separate from other District accounts, with only revenues and expenditures directly associated with the debt proceeds included in the account.
- At least two approvals from different reviewers will be required on all expenditures of debt proceeds, to review and ensure the expenditure is appropriate to be paid from debt proceeds.
- District accounting staff shall prepare periodic reports on the use of debt proceeds for management review.

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| Resolution No. 2017-2092 | Date Approved: April 27, 2017 |
| President of the Board | Supersedes: February 23, 2017 |

F-90 PURCHASING, INCLUDING RETAINING CONSULTANTS**Purpose**

This policy establishes procedures for preparing and approving purchase orders; and preparing, reviewing, and approving contracts. It also covers legal requirements, petty cash, limits on General Manager purchases, the required "paper trail," conformance with received orders, and consultant arrangements.

F-90-10 Vendors for Small Items. To purchase small items -- such as office supplies, auto parts, and other miscellaneous items costing less than \$1,000 -- the General Manager will set policies for selecting vendors. District accounts are awarded to firms at management discretion that support local businesses, enable the purchase of green and/or recycled products, as well as provide for competitive prices, discounts, service levels, and convenience.

F-90-15 Petty Cash. A Petty Cash fund shall be maintained in the District office having a balance-on-hand maximum of \$300.00. Petty cash may be advanced to District staff upon their request for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the District Administrative Assistant or Administrative/Financial Specialist I/II, and any remaining advanced funds shall be returned. The maximum petty cash advance shall be \$50.00. No personal checks shall be cashed in the petty cash fund. The petty cash fund shall be included in the District's annual independent accounting audit.

F-90-20 Out-of-Pocket Expenses. Whenever employees of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expenses shall be reimbursed upon request from the District's petty cash fund or by check if needed. In instances when a receipt is not obtainable, the requested reimbursement shall be approved by the Administrative Services Manager prior to remuneration.

F-90-30 Quotations. To purchase items costing more than \$1,000, written quotations will be solicited from vendors and received by fax, or mail prior to processing a purchase order. District Staff may approve purchase orders up to the amount of their purchasing authority per F-90-40. For all purchases between \$5,000 and \$15,000 three quotes will be obtained. In cases where the General Manager determines that certain products may provide a better service life, durability, meet a specific need or provide greater efficiency than other products he/she has the authority to order that product or engage the service without multiple quotes. The General Manager also has the authority to utilize specific maintenance and repair vendors as he/she deems appropriate or necessary.

F-90-40 Purchasing Authority. The purchasing authority listed below shall apply except as authorized by separate Board action for specific construction projects.

| Position | Authority |
|---|---|
| Board of Directors | No Limit |
| General Manager | Contracts and Purchase Orders up to \$60,000 and budgeted informally bid construction contracts between \$60,001 and \$200,000. |
| Plant Manager | Purchases up to \$7,500 |
| District Engineer | Purchases and budgeted informally bid construction contracts up to \$15,000 |
| Collection System and Safety Manager | Purchases up to \$7,500 |
| Administrative Services Manager | Purchases up to \$7,500 |
| District Administrative Assistant | Purchases up to \$5,000 |
| Administrative/Financial Specialist I/II | Purchases up to \$2,000 |
| Assistant/Associate Engineer | Purchases up to \$5,000 |
| Environmental Services Director | Purchases up to \$5,000 |
| Plant Operations and Maintenance Supervisor | Purchases up to \$5,000 |
| Buildings and Ground Maintenance Worker | Purchases up to \$ 1,000 |

For purchases in excess of \$15,000, staff will inform the Board of Directors regarding the item as soon as administratively feasible.

F-90-50 Expense Authorization in the Absence of the General Manager. In the absence of the General Manager, two (2) managers may sign the purchase order for amounts in excess of \$15,000. The General Manager will approve the purchase order prior to payment.

F-90-60 Purchase Orders. Purchases over \$1,000 require a purchase order to be issued prior to ordering.

F-90-70 Disbursements. The District requires that all disbursements be properly approved and authorized. To ensure that internal control is maintained over cash disbursements the following procedures will be performed:

- Disbursements, whether by check or electronic transfer, shall be included on a Warrant List for Board approval.
- Disbursements made by check shall require two signatures.
 - Generally checks drawn from the Operating bank account will be signed by the General Manager and a Board Member.
 - In rare situations where either a Board Member or the General Manager is not available:
 - The Administrative Services Manager may sign in place of the General Manager; or
 - Two Board Members may sign in place of the General Manager; or
 - The General Manager and the Administrative Services Manager may sign in lieu of a Board Member signing.

- If such a situation occurs, the paid invoice and related support documents will be submitted with the Warrant list for approval by the Board at the next Board meeting.
- Checks drawn from the Petty Cash Checking account may be signed by two of the following: the General Manager, the Administrative Services Manager, or the Administrative/Financial Specialist.

F-90-80 Contract Execution. Regardless of expenditures and expense authorization levels, and unless otherwise authorized by the District Board, the Board (in the form of its President) and/or the General Manager shall remain the sole entities authorized to execute formal contracts on behalf of the District. Contracts shall include but not be limited to: Agreements with other governmental entities or non-governmental organizations (NGOs); professional services agreements; construction, maintenance services, equipment procurement, and material supply contracts; and amendments thereof.

F-90-90 Consultants. Consultants will be retained whenever in the judgment of the General Manager that there are not sufficient resources or expertise to accomplish a task.

- Prospective consultants shall be selected from experienced, competent and reliable firms or individuals to provide the necessary resource.
- For consulting expenditures below \$45,000, consultants may be selected sole-source on the basis of their qualifications and ability.
- For consulting procurements exceeding \$45,000, a competitive process may be followed with emphasis on professional capability, availability to complete the task as well as cost. Professional Services Contracts over \$45,000 shall be submitted to the Board for approval. However in the case where the Board deems it more prudent and in the best interest of continuity of services, a consultant contract may be awarded without a competitive process.
- Regular reports of consultant's progress shall be reviewed by the General Manager and reported to the Board.

F-90-100 Internal Audit. The General Manager is responsible to ensure that purchases and trade agreements adhere to District policy and sound business practices. The General Manager will ensure that files and records of purchase orders and other financial documentation are maintained to provide adequate control and administration, which is subject to audit and Board review.

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| Ordinance No. 178 | Date Approved: June 20, 2019 |
| Resolution No. 2018-2134 | Date Approved: June 28, 2018 |
| President of the Board | Supersedes: February 23, 2017 |

F-110 RECORDS RETENTION

Purpose

The purpose of this policy is to provide guidelines to: staff regarding the retention or disposal of District records; provide for the identification, maintenance, safeguarding and disposal of records in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

F-110-10 Definitions. Vital and important records, regardless of recording media, are those having legal, financial, operational, or historical value to the District.

F-110-20 Implementation. The General Manager is authorized by the Board to interpret and implement this policy, and to cause to be destroyed any or all such records, papers, and documents that meet the qualifications governing the retention and disposal of records, specified below.

F-110-30 Guidelines. Pursuant to the provisions of California Government Code §60200 through §60204, California Water Code §21403, and the guidelines prepared by the State Controller's office and the Controller's Advisory Committee for Special Districts, the following qualifications will govern the retention and disposal of records of the District:

F-110-30-10 Duplicate records, papers and documents may be destroyed at any time without the necessity of Board authorization or copying to photographic or electronic media.

F-110-30-20 Originals of records, papers and documents more than two (2) years old that were prepared or received in any manner other than pursuant to State or Federal statute may be destroyed without the necessity of copying to photographic or electronic media.

F-110-30-30 Records, papers or documents that are not expressly required by law to be filed and preserved may be destroyed, pursuant to Government Code Section 60203 if all of the following conditions are met:

F-110-30-30-a The record, paper or document is photographed, micro-photographed, reproduced by electronically recorded video images on magnetic surfaces, recorded in the electronic data processing system, recorded on optical disk, reproduced on film or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document in compliance with Government Code Section 12168.7 for recording of permanent records or nonpermanent records.

F-110-30-30-b The device used to reproduce such record, paper or document on film, optical disk, or any other medium, is one which accurately reproduces the original thereof in all details; and that does not permit additions, deletions, or changes to the original document images.

F-110-30-30-c The photographs, microphotographs, or other reproductions on film, optical disk, or any other medium are placed in conveniently accessible files and provisions are made for preserving, examining, and using the files.

F-110-30-40 Any accounting record except the journals and ledgers that are more than five (5) years old and that were prepared or received in any manner other than pursuant to State statute may be authorized for destruction, provided that:

F-110-30-40-a There is no continuing need for said record, i.e., long-term transactions, special projects, pending litigations, etc., and;

F-110-30-40-b There exists in a permanent file, an audit report or reports covering the inclusive period of said record, and that;

F-110-30-40-c Said audit report or reports were prepared pursuant to procedures outlined in Government Code Section 26909 and other State or Federal audit requirements, and that;

F-110-30-40-d Said audit or audits contain the expression of an unqualified opinion.

F-110-30-50 Any accounting record created for a specific event or action may be destroyed upon authorization five (5) years after said event has in all respects terminated. Any source document detailed in a register, journal, ledger, or statement may be authorized for destruction five (5) years from the end of the fiscal period to which it applies. The following may be destroyed at any time:

- Duplicated (original-subject to aforementioned requirements).
- Rough drafts, notes or working papers (except audit).
- Cards, listings, nonpermanent indices, other papers used for controlling work or transitory files.

F-110-30-60 In no instances are records, papers or documents to be destroyed where there is a continuing need for such records for such matters as pending litigation, special projects, etc.

F-110-30-70 All payroll and personnel records shall be retained indefinitely. Originals may, upon authorization, be destroyed after seven (7) years retention, provided said records have been preserved in digital format in accordance with Policy F-110-30-30, above. Payroll and personnel records include the following:

- Accident reports, injury claims, and settlements
- Medical histories
- Injury frequency charts
- Applications, changes and terminations of employees
- Insurance records of employees
- Time cards
- Classification specifications (job descriptions)
- Performance evaluation forms
- Earning records and summaries
- Retirements

F-110-30-80 All assessing records may upon authorization be destroyed after seven years retention from lien date; however, their records may be destroyed three (3) years after the lien date when said records are micro photographed as provided for in Policy F-110-30-40, above.

F-110-30-90 Records of proceedings for the authorization of long-term debt, bonds, warrants, loans, etc., after issuance or execution may be destroyed if micro photographed as provided for in Policy F-110-30-40, above. Terms and conditions of bonds warrants, and other long-term agreements should be retained until final payment, and thereafter may be destroyed in less than ten (10) years if micro photographed as provided for in Policy F-110-30-40, above. Paid bonds, warrant certificates, and interest coupons may be destroyed after six (6) months if detailed payment records are kept for ten (10) years.

F-110-30-100 Minutes of the meetings of the Board are usually retained indefinitely in their original form. However, they may upon authorization be destroyed if said minutes are preserved in electronic format as provided for in Policy F-110-30-40, above. Recording tapes (or other media) of Board meetings will be kept for a period of one year from the date of the recorded meeting, after which they will be destroyed.

F-110-30-110 Construction records, such as bids, correspondence, change orders, etc., shall not be kept in excess of seven (7) years unless they pertain to a project that includes a guarantee or grant and, in that event, they shall be kept for the life of the guarantee or grant plus seven (7) years. As-built plans for any public facility or works shall be retained as long as said facility is in existence.

F-110-30-120 Contracts should be retained for their life plus seven (7) years. Any unaccepted bid or proposal for the construction or installation of any building, structure or other public work which is more than two (2) years old may be destroyed.

F-110-30-130 Property records, such as documents of title, shall be kept until the property is transferred or otherwise no longer owned by the District.

F-110 RECORDS RETENTION

Appendix A

Definitions for Records Retention and Disposal Policy

1. **AUTHORIZATION.** Approval from the General Manager, as authorized by the Board.

2. **ACCOUNTING RECORDS.** Include but are not limited to the following:

A. Source Documents

- Invoices
- Warrants
- Requisitions/Purchase Orders (attached to invoices)
- Cash Receipts
- Claims (attached to warrants in place of invoices)
- Bank Statements
- Bank Deposits
- Checks
- Bills
- Various accounting authorizations taken from Board minutes, resolutions or contracts

B. Journals

- Cash Receipts
- Accounts Receivable or Payable Register
- Check or Warrant (payables)
- District Journal
- Payroll Journal

C. Ledgers

- Expenditure
- Revenue
- Accounts Payable or Receivable Ledger
- Construction
- General Ledger
- Assets/Depreciation

D. Trial Balance

E. Statements (Interim or Certified - Individual or All Fund)

- Balance Sheet
- Analysis of Changes in Available Fund Balance
- Cash Receipts and Disbursements
- Inventory of Fixed Assets (Purchasing)

F. Journal Entries

G. Payroll and personnel records include but are not limited to the following:

- Accident reports, injury claims and settlements
- Applications, changes or terminations of employees
- Earnings records and summaries
- Retirements
- Fidelity Bonds
- Garnishments
- Insurance records of employees
- Job Descriptions
- Medical Histories
- Time Cards

H. Other

- Inventory Records (Purchasing)
- Depreciation Schedule
- Capital Asset Records (Purchasing)
- Cost Accounting Record

3. **LIFE.** The inclusive or operational or valid dates of a document.
4. **RECORD.** Any paper, bound book or booklet, card, photograph, drawing, chart, blueprint, map, tape, compact disc, digital video disk, microfilm, or other document, issued by or received in a department, and maintained and used as information in the conduct of its operations.
5. **RECORD COPY.** The official District copy of a document or file.
6. **RECORD SERIES.** A group of records, generally filed together, and having the same reference and retention value.
7. **RECORDS CENTER.** The site selected for storage of inactive records.
8. **RECORDS DISPOSAL.** The planning for and/or the physical operation involved in the transfer of records to the Records Center, or the authorized destruction of records pursuant to the approved Records Retention Schedule.
9. **RECORDS RETENTION SCHEDULE.** The consolidated, approved schedule list of all District records that timetable the life and disposal of all records.
10. **RETENTION CODE.** Abbreviation of retention action that appears on the retention schedule.

11. VITAL RECORDS. Records that, because of the information they contain, are essential to one or all of the following:

- (a) The resumption and/or continuation of operations,
- (b) The recreation of legal and financial status of the District, in case of a disaster, and
- (c) The fulfillment of obligations to bondholders, customers, and employees.

Vital records include but are not limited to the following:

- | | |
|---|--------------------------------------|
| (1) Agreements and Contracts | (21) Individual claims/settlements |
| (2) Annexations and detachments | (22) Inventory |
| (3) As-built drawings | (23) Journal vouchers |
| (4) Audits | (24) Ledgers |
| (5) Contract drawings | (25) Licenses & permits (to operate) |
| (6) Customer statements | (26) Loans & grants |
| (7) Deeds | (27) Maps |
| (8) Depreciation schedule | (28) Minutes of Board meetings |
| (9) Disposal of surplus & excess property | (29) Ordinances |
| (10) Disposal of scrap materials | (30) Payroll register |
| (11) District insurance records | (31) Policies, Rules & Regulations |
| (12) District water rights | (32) Purchase orders & requisitions |
| (13) Employee accident reports, injury claims & settlements | (33) Restricted materials permits |
| (14) Employee earning records | (34) Resolutions |
| (15) Employee fidelity bonds | (35) Rights of ways & easements |
| (16) Employee insurance records | (36) Spray permits |
| (17) Encroachment permits (by others) | (37) Statements of Economic Interest |
| (18) Encroachment permits (by OWID) | (38) State surplus acquisitions |
| (19) Facility improvement plans | (39) Warehouse requisitions |
| (20) Improvement districts | (40) Warrant/Voucher register |
| | (41) Warrants (with backup) |
| | (42) Water rights history |

F-110 RECORDS RETENTION
Appendix B

Records Retention & Storage Summary

| Group No. | Title or Description | Original | Duplicate | RETENTION PERIODS | | |
|-----------|--|----------|-----------|-------------------|---------------|-------------------|
| | | | | Office | Record Center | Retain or Destroy |
| 1 | Records affecting title to real property or liens thereof. | X | | 2 yrs. | OP | ES |
| 2 | Records required to be kept permanently by statute. | X | | 2 yrs. | OP | ES |
| 3 | Minutes, ordinances, and resolutions of Board. | X | | 2 yrs. | OP | ES |
| 4 | Documents with lasting historical, administrative, legal, fiscal, or research value. | X | | 2 yrs. | OP | ES |
| 5 | Correspondence, operational reports, and information upon which District policy has been established. | X | | 2 yrs. | 10 yrs. | 12 yrs. |
| 6 | Duplicates of 5, above, when retention is necessary for reference. | X | | 2 yrs. | | 2 yrs. |
| 7 | Records requiring retention for more than 5 years, but no more than 15 years by statute or administrative value. | X | | 2 yrs. | 13 yrs. | 15 yrs. |
| 8 | Duplicates needed for administrative purposes for 5 to 15 years. | | X | 2 yrs. | 13 yrs. | 15 yrs. |
| 9 | All other original District records, or instruments, books or papers that are considered public documents not included in Groups 1 through 8. | X | | 2 yrs. | 1 yr. | 3 yrs. |
| 10 | Duplicates and other documents not public records required to be maintained for administrative purposes. | X | X | 2 yrs. | 3 yrs. | 5 yrs. |
| 11 | Duplicate records requiring retention for administrative purposes such as reference material for making up budgets, planning, and programming. | | X | 3 yrs. | | 3 |
| 12 | Reference files (copies of documents which duplicate the record copies filed elsewhere in the District; documents which require no action and are non-record; rough drafts, notes, feeder reports, and similar working papers accumulated in preparation of a communication, study or other document, and cards, listings, indexes, and other papers used for controlling work). | | X | 1 yr. | | 1 yr. |
| Group | Title or Description | Original | Duplicate | RETENTION PERIODS | | |

| No. | | | | Office | Record Center | Retain or Destroy |
|-----|---|---|---|--------|---------------|-------------------|
| 13 | Transitory files, including letters of transmittal (when not public record), suspense copies when reply has been received, routine requests for information and publication, tracer letters, feeder reports, and other duplicate copies no longer needed. | X | X | 3 mos. | | 3 mos. |
| 14 | Original documents disposable upon occurrence of an event or an action (i.e., audit, job completion, completion of contract, etc.) or upon obsolescence, supersession, revocation. | X | | 2 yrs. | 3 yrs. | 5 yrs. |
| 15 | Policy files and reference sets of publications. | | X | I | | I |
| 16 | Duplicates or non-record documents required for administrative needs but destroyable on occurrence of an event or an action. | | X | I | | I |

OP = Original or photographic copy.

ES = May be destroyed if stored in electronic media.

I = Indefinitely

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| Resolution No. 2017-2084 | Date Approved: February 23, 2017 |
| President of the Board | Supersedes: July 9, 2009 |