

**BYLAWS**

**of the**

**UPPER VENTURA RIVER**  
**GROUNDWATER AGENCY**

Adopted on  
December 14, 2017

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## **PREAMBLE**

These Bylaws are adopted pursuant to Section 4.1.1 and Article 11 of the Joint Exercise of Powers Agreement (Agreement) creating the Upper Ventura River Groundwater Agency.

## **ARTICLE 1**

### **DEFINITIONS AND CONSTRUCTION**

1.1 Definitions and Construction. Unless specifically defined in these Bylaws, all defined terms shall have the same meaning ascribed to them in the Agreement. If any term of these Bylaws conflicts with any term of the Agreement, the Agreement's terms shall prevail, and these Bylaws shall be amended to eliminate such conflict of terms. Unless the context or reference to the Agreement requires otherwise, the general provisions, rules of construction, and definitions in the California Civil Code will govern the interpretation of these Bylaws.

### **DEFINITIONS**

The following terms have the following meanings for purposes of the Bylaws.

1.2 "Agreement" has the meaning The Joint Exercise of Powers Agreement by and among the Casitas Municipal Water District, the City of San Buenaventura, the County of Ventura, the Meiners Oaks Water District, and the Ventura River Water District for purposes of forming the Upper Ventura River Groundwater Agency and setting forth the terms pursuant to which the Agency shall operate.

1.3 "Auditor" means the auditor of the financial affairs of the Agency appointed by the Board of Directors pursuant to Section 13.3 of the Agreement.

1.4 "Agency" means the Upper Ventura River Groundwater Agency.

1.5 "Board of Directors" or "Board" means the governing body of the Agency as established by Article 6 of the Agreement.

1.6 "Bylaws" means these Bylaws adopted by the Board of Directors pursuant to Section 4.1.1 and Article 11 of the Agreement to govern the day-to-day operations of the Agency.

1.7 "Director" and "Alternate Director" shall mean a director or alternate director appointed by a Member or by the Board pursuant to Article 6 of the Agreement.

1.8 "Executive Director" means the chief administrative officer of the Agency to be appointed by the Board of Directors pursuant to Article 10 of the Agreement.

1.9 "Farm Bureau" means the Farm Bureau of Ventura County.

1.10 "GSP" means a Groundwater Sustainability Plan for the Basin.

1.11 "Member" means any Agency Member, as determined pursuant to Article 5 of the Agreement. "Members" shall refer collectively to all Members of the Agency.

1.12 "Member Director" means a Director appointed pursuant to Article 6 of the Agreement that represents a Member.

1.13 "Officer(s)" means the chair, vice chair, secretary, or treasurer of the Agency to be appointed by the Board of Directors pursuant to Article 7 of the Agreement.

1.14 "Quorum" shall have the meaning assigned to it in Section 9.1 of the Agreement.

1.15 "Special Projects" means a project undertaken pursuant to Article 17 of the Agreement.

1.16 "Stakeholder Director" means a Director appointed pursuant to Article 6 of the Agreement that represents stakeholder interests.

## ARTICLE 2

### THE AGENCY

2.1 Name of the Agency. The name of the Agency created by the Agreement is the Upper Ventura River Groundwater Agency.

~~2.2 Principal Office of the Agency. The principal office of the Agency is the shared office of the Ojai Groundwater Basin Management Agency and the Upper Ventura River Groundwater Agency, located at 428 Bryant Circle, Ojai, CA 93023.~~

~~2.2 Principal Office of the Agency. The principal office of the Agency is located at 417 Bryant Circle, Suite #112, Ojai, California 93023.~~

~~2.2 Principal Office of the Agency. The principal office of the Agency is located at 202 W. El Roblar Dr., Ojai, California 93023.~~

2.3 Agency Powers. The powers of the Agency are established in Article 4 of the Agreement and vested in the Board. The Board reserves the right to delegate such powers as are appropriate and permissible by law.

## ARTICLE 3

### MEETINGS

3.1 Time and Place. The Board of Directors shall meet at least quarterly, at a date, time, and place set by the Board, within the jurisdictional boundaries of one or more of the Members, and at such times as may be determined by the Board.

3.2 Special Meetings. Special meetings of the Board of Directors may be called by the Chair or by a vote of the Directors in accordance with the requirements of the Ralph M. Brown Act, Government Code Section 54950, *et seq.* ("Brown Act").

3.3 Conduct. All meetings of the Board of Directors, including special meetings, shall be noticed, held, and conducted in accordance with the Brown Act. The Board may use

**Commented [MT1]:** repealed and replaced Resolution no. 2018-07

**Commented [MT2]:** repealed and replaced Resolution no. 2019-5

teleconferencing in connection with any meeting in conformance with and to the extent authorized by the Brown Act.

3.4 Local Conflict of Interest Code. The Board of Directors has adopted a local conflict of interest code pursuant to the provisions of the Political Reform Act of 1974, Government Code Section 81000, *et seq.* The Board shall take all actions necessary to ensure the code remains in compliance with applicable laws, including updating the code as required.

3.5 Agenda. The Executive Director, in consultation with Board Chair, shall prepare the draft agenda. The Board Chair shall approve the draft agenda before its finalization and posting. The agenda shall in all respects comply with the Brown Act.

3.6 Quorum. Quorum will be determined as provided in Section 9.1 of the Agreement.

3.7 Official Act. The Agency shall take action by motion, resolution, or ordinance. Every action shall be by a vote of the Board in accordance with the applicable provisions of the Agreement, the Bylaws, and State laws.

3.8 Director Voting. All votes of the Board of Directors shall be in accord with the procedures set forth in Article 9 of the Agreement, supplemented by the Collaborative Decision-Making Approach set forth in Section 3.9 of these Bylaws.

3.9 Collaborative Decision-Making Approach. The Board shall seek to achieve unanimous consensus among its members by following these procedures for collaborative decision-making. All actions taken pursuant to this Section 3.9 shall be conducted in accordance with the requirements of the Brown Act and provisions of the Agreement. If any conflict arises between the procedures required by this Section 3.9 and the requirements of the Brown Act or the provisions of the Agreement, the Brown Act and/or Agreement shall control.

3.9.1 Guiding Principles for Collaborative Decision-Making Approach.

3.9.1.1 Consensus. The Directors shall seek to reach consensus on all decisions. Consensus means that each Member of the GSA Board does not reject a proposal. In reaching consensus, some Directors may "support" a particular decision while others may only be able to "live with it." Still others may choose to "stand aside" by verbally noting disagreement, yet allowing the Board to reach consensus without them. Any of these actions constitutes consensus. A lack of consensus is when one or more Members cannot support, live with, or stand aside on a topic.

3.9.1.2 Consensus with Accountability. The Board will seek mutually acceptable and beneficial decisions whenever possible. In an attempt to achieve consensus, any Director that disagrees with a decision must provide an alternative that attempts to meet his/her agency's/constituency's interests while also meeting the interests of other Directors. The consensus decision method is based on principles of "consensus with accountability."

3.9.1.3 Consensus Seeking. As stated above, the Board will seek to achieve consensus. This reflects an aspiration, however. The work of the Board must be timely and efficient and attempts to reach consensus cannot continue indefinitely. Therefore, "consensus seeking" represents an approach through which the Board will make a robust, reasonable attempt to reach consensus, the duration of which must be decided by the Board. After such attempts are made, if the Board cannot reach consensus, the approach and outcomes are memorialized, and the Board may proceed to a vote.

3.9.1.4 Agreements in Principle/Agreements in Detail. In a collaborative decision-making process, it is beneficial for Directors to have the space and time to propose initial ideas to be discussed amongst, and potentially modified by, their Board colleagues, rather than to move straight to a binding vote. This can be achieved using "straw polls" or similar methods whereby a Director proposes an idea in principle, the Board discusses and modifies it, the Board seeks to reach an informal "agreement in principle," and then votes on the item. This method allows Members time to informally discuss ideas, test feasibility with other colleagues/leadership or their Member organizations, and eventually reach consensus.

### 3.9.2 Consensus Seeking Decision Approach

3.9.2.1 Preliminary Discussions. The Board shall employ a consensus seeking decision approach whereby Directors and Members become informed on the item under consideration by the Board, Directors deliberate over the issues, and Directors then create proposals to test the feasibility of a decision to achieve consensus. In this step the Directors shall employ straw polls, agreements in principle, and consensus with accountability.

3.9.2.2 First Vote. At a point where the Board feels that a matter has been sufficiently discussed, a Director should make a motion for a formal vote. The result of the first vote is either a consensus decision or failure to reach consensus. If the Board achieves consensus on a first vote, then the decision is final. If the Board does not achieve consensus, the matter will be continued to a future Board meeting where final action may be taken upon a second vote.

3.9.2.3 Consensus Review. In the time period between a first and a second vote, the Directors will review the discussion and outcome regarding the first vote and should prepare alternatives to the item under consideration that will meet the interests of all Members. Communications between Directors shall be conducted in strict compliance with the requirements of the Brown Act. The Board may hold noticed public workshops or meetings between the first and second vote as necessary to foster further consensus-based discussion of the matter. Consideration of viewpoints and alternatives will be particularly important for any Directors that could not support the topic at the first vote. The duration of this consensus review period is at the discretion of the Board.

3.9.2.4 Second Vote. After the prescribed period of time has passed, the Board will place the item on the agenda for a second vote. At that time, Directors will discuss the item under consideration with a particular emphasis placed on proposed alternatives that ideally achieve the interests of all Members. After a sufficient discussion period, the Board will conduct the second vote, which shall be final.

3.9.2.5 Dispute Resolution. In the event that an outcome of the second vote is considered untenable by one or more Members, the Member(s) may initiate the dispute resolution process provided by Section 18.9 of the Agreement.

3.10 Actions Not Subject to Consensus Voting Procedure. The Board may approve the regular monthly receivables by a simple majority vote, rather than the procedures required by Article 9 of the Agreement and Section 3.9 of these Bylaws, so long as the routine costs and bills making up the regular monthly receivables have not been objected to by any Director. A Director may voice an oral objection at the meeting or file an objection in writing prior to the meeting. Likewise, any meeting of the Board may be adjourned by a simple majority vote.



3.11 Roll Call Vote. The vote on resolutions, ordinances, and on such other matters as may be requested by majority of the Board or required by law, shall be accomplished by roll call vote and the vote of each Director shall be entered upon the minutes of such meeting.

3.12 Supermajority Voting. When a supermajority vote is required by Section 9.3 of the Agreement, it shall be determined as follows:

3.12.1 If either six (6) or seven (7) Directors are in attendance and eligible to vote, a supermajority shall mean six (6) affirmative votes.

3.12.2 If only six (6) Directors are in attendance and one (1) of those six (6) Directors is prevented from voting due to a conflict of interest, a supermajority vote shall mean five (5) affirmative votes.

3.12.3 If only six (6) Directors are in attendance and two (2) of those six (6) Directors are prevented from voting due to a conflict of interest, a supermajority shall mean four (4) affirmative votes, provided that all four (4) affirmative votes are by Member Directors.

3.12.4 If fewer than six (6) Directors are in attendance at the meeting, a matter subject to a supermajority vote pursuant to Section 9.3 shall not be called for a vote.

3.13 Unanimous Vote. Provisions the Agreement requiring a unanimous vote of the Board shall mean a unanimous vote of the Directors present at the meeting.

3.14 Rules of Order. All rules of order not otherwise provided for in these Bylaws shall be determined, to the extent practicable, in accordance with "Robert's Rules of Order"; provided, however, that no action shall be invalidated or its legality otherwise affected by the failure or omission to observe or follow "Robert's Rules of Order."

3.15 Minutes. The Executive Director shall prepare written minutes of the Board meetings, which shall be available for public inspection when approved by the Board. The record shall contain the votes and abstentions on each matter for which a vote is taken.

## ARTICLE 4

### BOARD OFFICERS, EXECUTIVE DIRECTOR AND STAFF

4.1 Officers. Officers of the Agency shall be as set forth in Section 7.2 of the Agreement and elected as set forth in Section 7.2.

~~4.2 Term of Board Officers. The term of office for officers shall be one year and elections shall be held at first meeting at the start of the fiscal year. Officers may serve consecutive terms with no limit.~~

4.2 Term of Board Officers. The term of office for officers shall be one year and elections shall be held at the first meeting at the start of the calendar year. Officers may serve consecutive terms with no limit.

4.3 Board Secretary. The Secretary may, with oversight, assign designated day-to-day responsibilities to be carried out by the Executive Director. The Executive Director shall keep the administrative records of the Agency, act as secretary at meetings of the Agency, record all votes and keep a record of the proceedings of the Agency to be kept for such purpose, and perform all duties incident to the Secretary's office. The Executive Director shall maintain a record of all official proceedings of the Board. The Executive Director shall also establish and maintain a list of persons interested in receiving notices regarding plan preparation, meeting announcements, and availability of draft plans, maps, and other relevant documents pursuant to Water Code Section 10723.4.

4.4 Executive Director. The Executive Director shall be appointed by, and serve at the pleasure of, the Board. The Executive Director shall have general supervision over the administration of Agency business and affairs, subject to the direction of the Board. Compensation shall be set by contract with the Executive Director. The Executive Director may execute contracts, deeds, and other documents and instruments as authorized by the Board. The Board shall maintain a job description of the duties and requirements of the Executive Director.

4.5 General Counsel. The Agency's General Counsel shall serve at the pleasure of the Board of Directors. General Counsel shall be appointed by the Board, and shall be directly responsible to the Board. The General Counsel shall give advice or written opinions as needed and/or directed by the Board, and shall prepare proposed resolutions, laws, rules, contracts, and other legal documents for the Agency as directed by the Board Chair, Executive Committee, or Board of Directors. The General Counsel shall attend to all lawsuits and other matters to which the Agency is a party or in which the Agency may be legally interested and do such other things pertaining to the General Counsel's office as may be requested. Additionally, the General Counsel shall, when deemed appropriate or called upon, seek the advice and consultation of the legal counsels, and possibly staff, from Agency Members on legal issues facing the Agency. Agency General Counsel will recommend appointment of Special Counsel for matters involving more specialized legal service as required. Compensation for General Counsel shall be set by agreement between the Agency and General Counsel approved by the Board.

~~4.6 Principal Office. The principal office of the Agency is 428 Bryant Circle, Ojai, CA 93023. It may be changed at any time by a vote of the Board.~~

~~4.6 Principal Office. The principal office of the Agency is 417 Bryant Circle, Suite #112, Ojai, California 93023. It may be changed at any time by a vote of the Board.~~

4.6 Principal Office. The principal office of the Agency is 202 W. El Roblar Dr., Ojai, California 93023. It may be changed at any time by a vote of the Board.

4.7 Staff Compensation. Staff of the Agency shall receive compensation as set by written contract approved by the Board. When, and only if, specifically authorized by the Board in advance, staff may receive reimbursement of their actual and necessary expenses incurred in carrying out Agency business at the then current IRS reimbursement rate.

4.8 Fiscal Agent and Treasurer. The Treasurer and Auditor for the Agency shall be appointed as set forth in Section 13.3 of the Agreement. The Treasurer shall be depository for and shall have the responsibility for all money of the Agency from whatever source. All funds of the Agency shall be strictly and separately accounted for and regular reports shall be rendered of all receipts and disbursements during the fiscal year, as designated by the Board. The books and records of the Agency shall be open to inspection by the Member and Stakeholder Directors, and the Treasurer shall provide strict accountability of said funds in accordance with Government

**Commented [MT4]:** repealed and replaced by Resolution 208-7

**Commented [MT5]:** repealed and replaced Resolution no. 2019-5

Code sections 6505 and 6505.5 and all other applicable provisions of law, including any amendments thereto.

4.9 Consultants. The Agency may, by vote of the Board, hire and engage consultants to assist the Agency in carrying out its functions and duties. Consultants shall possess the technical background, expertise, and experience necessary to perform the work directed by the Board.

4.10 GSP Project Manager. The Agency may, by vote of the Board, hire and engage a consultant to assist in preparation and implementation of a Groundwater Sustainability Plan ("GSP"). This position shall be named the GSP Project Manager and shall be responsible for preparing and implementing the GSP, as directed by the Board. An engineering or other technical firm may perform these duties; but, if performed by a firm, an individual shall be appointed to serve as the primary project manager. In preparing the GSP, the Agency's GSP Project Manager may consult with any committee established by the Board, as directed by the Board. The Agency's GSP Project Manager shall also provide technical information and reports to the Board as needed and/or directed by the Board. Following the adoption of the GSP, the Agency's GSP Project Manager shall be responsible for all work needed to implement the terms of the GSP as directed by the Board, including, if so directed, the preparation of an annual report.

## **ARTICLE 5**

### **DIRECTOR COMPENSATION AND EXPENSES**

5.1 Compensation. Directors are not compensated by the Agency for their service.

5.2 Expenses. If previously approved by the Board, a Director shall receive actual, reasonable, and necessary reimbursement for travel, meals, lodging, registration, and similar expenses incurred in performing Agency business. The reimbursement rates for lodging shall not exceed the posted rates for a trade conference. If lodging at the posted rates is not available, the reimbursement rate shall be comparable to the posted rates. For travel of 250 miles or less, directors shall be reimbursed at the IRS mileage rate. For travel over 250 miles, directors shall be reimbursed at a rate determined by the Board. As used herein, "transportation" includes travel to and from terminals. Automobile rental expenses shall be approved in advance.

Reimbursement for meals shall be at the rate established by the IRS or actual reasonable cost not to exceed \$90 per day. Reimbursement will not be provided for alcoholic beverages. Directors may declare the amount of the meal under penalty of perjury in lieu of receipts if the amount is less than the IRS rate. Claims for expense reimbursement shall be submitted to the Board on forms provided by the Agency within 30 days after the expense has been incurred. The Executive Director shall determine whether the claim satisfies the requirements of this section, and if the claim is denied, the claimant may appeal to the Board. In accordance with Government Code Section 53065.5, the Agency shall, at least annually, disclose any reimbursement paid within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that Board and shall be made available for public inspection.

## **ARTICLE 6**

### **COMMITTEES**

6.1 Establishment of Advisory Committees. In accordance with Article 12 of the Agreement, the Board may from time to time establish advisory committees for the purpose of making recommendations to the Board on the various activities of the Agency. The establishment of any advisory committee and its duties shall require a vote of the Board. Advisory committees may be established as standing or ad hoc committees.

6.2 Establishment of Standing Committees. The Board may from time to time establish standing committees for the purpose of making recommendations to the Board on the various activities of the Agency. The establishment of any standing committee and its duties shall require a vote of the Board. The Board may by vote dissolve a standing committee at any time.

6.3 Conduct of Standing Committees. All standing committee meetings shall be noticed, held, and conducted in accordance with the provisions of the Brown Act. The Board may further establish rules of conduct for said standing committees. Each standing committee shall establish a time and place for regular meetings and may call special meetings in the same manner as the Board. Standing committee meetings shall be recorded and minutes prepared, which, upon approval, shall be distributed to the Board.

6.4 Standing Committee Membership. Standing committee membership and appointments shall be at the Board's sole discretion. Likewise, the Board shall have the sole discretion to remove or admonish any member, or members, of any standing committee at any time. The Board may, at its sole discretion, appoint an alternate to any standing committee.

6.5 Standing Committee Direction. In establishing a standing committee, the Board shall provide specific direction to the standing committee as to its tasks expected duration for completion of its tasks, and a summary of the resources, including staff or consultant support available to the standing committee in performing its tasks.

6.6 Executive Committee. The Board may establish a standing committee named the Executive Committee. The Executive Committee, when specifically designated and assigned by the Board, may advise the Board on the development and implementation of the GSP and work with the Executive Director as needed. The Board shall establish the time and place for Executive Committee meetings in consultation with the members of the Committee.

6.7 Ad Hoc Committees. The Board may from time to time establish ad hoc committees for the purpose of making recommendations to the Board on the various activities of the Agency. The establishment of any ad hoc committee and its duties shall require a vote of the Board. Ad hoc committees shall exist for the term specified in the action creating the committee and the Board may dissolve an ad hoc committee at any time through a vote of the Board. Ad hoc committees made of less than a quorum of the Board shall not be required to comply with the provisions of the Brown Act.

## **ARTICLE 7**

### **BUDGET AND FINANCES**

7.1 Budget. The Agency shall operate pursuant to an operating budget adopted in accordance with Section 14.1 of the Agreement. The Agency shall endeavor to operate each year pursuant to an annually balanced budget so that projected annual expenses do not exceed projected annual

revenues. If the Executive Director or Chair determines the approved budget is inadequate, he or she shall submit recommended modifications to the Board for consideration and action. The Executive Director shall implement the approved or revised budget; provided, however, that all expenditures for capital improvements shall be approved by the Board before they are undertaken.

~~7.2 — Approval of Warrants and Signature of Checks. The Board shall approve all warrants and authorize issuance of checks in payment thereof. A check register showing the check number, payee, amount, and the purpose of each check, as prepared by the Treasurer, will be sent to the Board as required by law. Checks in payment of utility bills, postage, payroll, payroll taxes, credit union collections, petty cash, emergency repairs, invoices subject to discount and interfund transfers, and similar payments may be disbursed prior to Board approval. Such items shall be set forth on the next regular check register and presented to the Board.~~

~~7.2 Signatures of Checks and Approval of Warrants. The Chair, Vice Chair, and Secretary shall have authority to sign checks on behalf of the Agency. Following GSP Project Manager review of all warrants for consultant and other GSP related expenses, other than those warrants submitted by the GSP Project 09999Manager, the Board shall approve all warrants and authorize issuance of checks in payment thereof. Two of the three board members with check signing authority shall review all of the GSP Project Manager's warrants prior to submitting them for Board approval. Checks for payment of utility bills, postage, payroll, payroll taxes, credit union collections, petty cash, emergency repairs, invoices subject to discount and interfund transfers, and similar payments may be disbursed prior to Board approval; such items shall be presented to the Board at its next meeting.~~

~~7.2 — Signature of Checks and Approval of Warrants. The GSP Project manager shall review all warrants for consultant and other GSP related expenses, other than those warrants submitted by the GSP Project manager. Following GSP Project manager review, any two Officers shall have the authority to approve warrants for consultant and other GSP related expenses and sign checks on behalf of the Agency in payment thereof. Checks for payment of utility bills, postage, payroll, payroll taxes, credit union collections, petty cash, emergency repairs, invoices subject to discount and interfund transfers, and similar payments shall be reviewed, and payment authorized, by any two Officers. All approved warrants shall be presented in a financial summary report to the Board at its next meeting.~~

~~7.2 Signature of Checks and Approval of Warrants. Following the review of warrants by the Executive Director, any two Member Directors shall have the authority to approve warrants and issue checks in payment thereof. All approved warrants shall be presented in a financial summary report to the Board at its next regular meeting.~~

~~7.2.2 Signature of Checks and Approval of Warrants. Following the review of warrants by the Executive Director, any two Member Directors, or the Treasurer and one Member Director, shall have the authority to approve warrants and issue checks in payment thereof. All approved warrants shall be presented in a financial summary report to the Board at its next regular meeting.~~

7.3 General and Special Books of Account. The Executive Director, in concordance with the Treasurer, shall maintain books of account in accordance with accepted accounting principles showing the status of all monies received and disbursed. Such general and special fund accounts shall be maintained as are necessary to accomplish the purpose of the Agency.

7.4 Fund Depositories. All funds of the Agency shall be deposited into the Agency's bank

**Commented [MT6]:** original language

**Commented [MT7]:** Article 7.2 of the Bylaws is hereby repealed in its entirety and replaced as follows: Resolution No. 2018-4.

**Commented [MT8]:** Article 7.2 of the Bylaws is hereby repealed in its entirety and replaced as follows: Resolution No. 2018-5.

**Commented [MT9]:** repealed in entirety and replaced by Resolution No. 2021-03.

**Commented [MT10]:** repealed entirety and replaced by Resolution No. 2023-07.

account, except funds that are invested pursuant to Article 14 of the Bylaws. If the Board desires to designate a new depository for Agency funds, the Board shall do so through formal action and amendment of these Bylaws.

**Commented [MT11]:** amended by Resolution No. 2023-05

~~7.5 Basis of Accounting. The accounting records of the Agency shall be maintained using the cash basis of accounting.~~

**Commented [MT12]:** Article 7 of the Bylaws is hereby amended by adding Article 7.5. Resolution No. 2018-2.

~~7.4~~ 7.5 Basis of Accounting. The accounting records of the Agency shall be maintained using the accrual basis of accounting.

**Commented [MT13]:** Article 7 of the Bylaws is hereby amended by adding Article 7.5, to read in its entirety. Resolution No. 2019-3

## ARTICLE 8

### DEBTS AND

### LIABILITIES

8.1 Debts and Liabilities. Except as may be specifically provided for in the Agreement and/or California Government Code Section 895.2, as amended or supplemented, the debts, liabilities and obligations of the Agency are not and will not be the debts, liabilities, or obligations of any or all of the Members. The Members may amend the Agreement to be jointly and/or severally liable, in whole or in part, for any debt, obligation or liability of the Agency, including but not limited to, any bond or other debt instrument issued by the Agency.

## ARTICLE 9

### RECORDS RETENTION

9.1 Records Retention Policy. The Agency shall adopt a records retention policy. This policy will provide criteria and procedures for the retention or destruction of Agency records.

9.2 Maintenance and Inspection of Agreement and Bylaws. The Agency will keep at its principal executive office the original or copy of the Agreement and these Bylaws, as amended to date, which will be open to inspection by any Director, Member, and all members of the public at all reasonable times during office hours.

9.3 Inspection Rights of Members. Provided that upon the advice of General Counsel no legal conflict exists, any Member may inspect any record of the Agency, including, but not limited to, the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time. A designated representative of the entity may make any inspection and copying under this section, and the right of inspection includes the right to copy.

9.4 Inspection by Directors. Provided that upon the advice of General Counsel no legal conflict exists, any Director may inspect any record of the Agency, including, but not limited to, the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time. A designated representative of the Director may make any inspection and copying under this section, and the right of inspection includes the right to copy.

9.5 Inspection by the Public. As directed and permitted by law, Agency records are open to inspection by the public.

## ARTICLE 10

## EMAIL POLICY

~~10.1 Purpose and Scope. The purpose of this Article is to establish rules for appropriate use of Agency email accounts. This policy is intended to ensure compliance with applicable policies and laws and advise officials and employees of their responsibilities in using Agency email accounts. This policy applies to all email accounts assigned to officials and employees by the Agency.~~

~~10.2 Assignment of Email Account. Each member of the Board, including alternate directors, and each employee shall be assigned an Agency email account by the Agency ("Agency Email Accounts").~~

10.1 Purpose and Scope. The purpose of this Article is to establish rules for appropriate use of Agency email accounts assigned to Directors, Alternate Directors, employees, or contractors ("Agency Email Accounts"). This policy is intended to ensure compliance with applicable policies and laws and advise Directors, Alternate Directors employees, and contractors of their responsibilities in using Agency email accounts. This policy applies to all email accounts assigned to Directors, Alternate Directors, employees, and contractors by the Agency.

10.2 Assignment of Email Account. Directors, Alternate Directors, and Agency employees shall be assigned an Agency Email Account. Contractors hired by the Agency shall be assigned an Agency Email Account if serving as Executive Director or Agency Administrator. Member Directors and Member Alternate Directors that have an official Member email account may use the Member email account for Agency business with the consent of the Member.

~~10.3~~ 10.3 Use of Email Accounts. Agency Email Accounts shall be used only to transact Agency business. Agency Email Accounts shall not be used for: (1) personal purposes unrelated to Agency business; (2) discriminatory, unethical, or unprofessional activities; (3) personal gain; (4) any purposes that would jeopardize the legitimate interests of the Agency; or (5) any purposes that would violate any law. Agency Directors, officers, and employees shall not use personal email accounts to transact Agency business.

~~10.4~~ 10.4 Privacy and Disclosure. There is no expectation of privacy in the use of Agency Email Accounts. All communications sent or received on Agency Email Accounts may be subject to disclosure under the California Public Records Act or other disclosure laws, unless an exception provided in law applies.

~~10.5~~ 10.5 Security. Agency Directors, officers, and employees shall take reasonable precautions to prevent the use of Agency Email Accounts by any person other than the account holder.

**Commented [MT14]:** Section 10.1 and 10.2 of the Bylaws are hereby repealed and replaced as follows: - Resolution no. 2022-03

## ARTICLE 11

### CODE OF ETHICS

11.1 Declaration of Policy. The proper operation of democratic government requires that public officials and employees be independent, impartial and responsible to the people; that government decisions and policy be made in the proper channels of the governmental structure; that public office not be used for personal gain; and that the public have confidence in the integrity of its government. In recognition of these goals, there is hereby established a code of ethics for all Directors, officers, and employees, whether elected or appointed, paid or unpaid. This article establishes ethical standards of conduct for Agency Directors, officers, and

employees by setting forth those acts or actions that are incompatible with the best interests of the Agency and by directing the disclosure of private financial or other interests in matters affecting the Agency. Agency Directors, officers, and employees shall comply with this Article, in addition to all applicable State and Federal ethics laws and regulations.

11.2 Responsibilities of Public Office. Public officials and employees are agents of public purpose and hold office for the benefit of the public. They are bound to uphold the United States and State Constitutions and to carry out impartially the laws of the nation, State, and the Agency, and to foster respect for all governments. They are bound to observe, in their official acts, the highest standards of performance and to discharge faithfully the duties of their office, regardless of personal considerations. Recognizing that the public interests must be their primary concern, their conduct in both their official and private affairs should be above reproach.

11.3 Dedicated Service. Directors, officers, and employees owe a duty of loyalty to the political objectives expressed by the electorate and the programs developed by the Board to attain those objectives. Directors, officers, and employees should adhere to the rules of work and performance established as the standards for their positions. Directors, officers, and employees should not exceed their Agency authority or breach the law, or ask others to do so, and owe a duty to cooperate fully with other public officials and employees unless prohibited from so doing by law or by the officially recognized confidentiality of their work.

11.4 Fair and Equal Treatment. The canvassing of members of the Board, directly or indirectly, to obtain preferential consideration in connection with any appointment to the municipal service, shall disqualify the candidate for appointment, except with reference to positions filled by appointment by the Board. Directors, officers, and employees shall not request or permit the use of Agency-owned vehicles, equipment, materials, or property for personal convenience or profit. Services may be available to Directors, officers, and employees when such services are made available to the public generally or when provided for the use of such a Director, officer, or employee in the conduct of official business. Directors, officers, and employees shall not grant special consideration, treatment, or advantage to a member of the public beyond what is available to every other member of the public.

11.5 Political Activities. Directors, officers, and employees shall not solicit or participate in soliciting a contribution to a political party during working hours on property owned by the Agency and shall conform to the provisions of Government Code Sections 3201, *et seq.* Directors, officers, and employees shall not promise appointment to a position with the Agency.

11.6 Ex Parte Communications. A written communication received by a Director, officer, or employee relevant to an item under consideration by the Board shall be made part of the record of decision on that item. A communication concerning only the status of a pending matter shall not be regarded as an ex parte communication.

11.7 Avoidance of impressions of Corruptibility. Directors, officers, and employees shall conduct their official and private affairs so as not to give a reasonable basis for the impression that they can be improperly influenced in the performance of public duties. Directors, officers, and employees shall endeavor to maintain public confidence in their performance of the public trust in the Agency. They should not be a source of embarrassment to the Agency and shall avoid even the appearance of conflict between their public duties and private interests.

11.8 No Discrimination in Appointments. No person shall be appointed to, removed from, or in any way favored or discriminated against with respect to any appointive administrative office



because of such person's race, color, age, religion, gender identification, national origin, political opinions, affiliations, or functional limitation, as defined by applicable State or Federal laws, if otherwise qualified for the position or office. This provision shall not be construed to impair administrative discretion in determining the requirements of a position or in a job assignment of a person holding such a position, subject to review by the Board.

11.9 Agency Allegiance and Proper Conduct. Directors, officers, and employees shall not engage in or accept any private employment, or render services for private interest, when such employment or service is incompatible with proper discharge of official duties or would tend to impair independence of judgment or action in the performance of those duties. Directors, officers, and employees shall not disclose confidential information concerning the property, government, or affairs of the Agency, and shall not use confidential information for personal financial gain. Directors, officers, and employees shall not accept a gift in excess of limits established by State law. Directors, officers, and employees shall not accept any gift contingent upon a specific action by the Board. Directors, officers, and employees shall not appear on behalf of business or private interests of another before the Board where such appearance would create a potential of having to abstain from participating on that matter or would be incompatible with official duties. Directors, officers, and employees shall not represent a private interest of another person or entity in any action or proceeding against the interest of the Agency in any litigation to which the Agency is a party. A Director may appear before the Agency on behalf of constituents in the course of duties as a representative of the electorate or in the performance of public or civic obligations.

11.10 Penalties. In addition to any other penalties or remedies provided by law, violation of this Article shall constitute a cause for suspension, removal from office or employment, or other disciplinary action. In the case of misconduct by a Stakeholder Director or Agency employee, no disciplinary action shall be taken except upon notice and a hearing. In the case of misconduct by a Member Director, the matter shall be referred to the appointing Member for appropriate action as determined by the Member. If other Members are not satisfied by the action taken by the appointing Member, the Members may resort to the dispute resolution procedures set forth in Section 18.9 of the Agreement.

11.11 Ethics Training. All Directors shall be required to comply with Assembly Bill 1234. Directors that have complied with AB 1234 through service for a separate public agency are deemed to have satisfied this Section 10.11.

## **ARTICLE 12**

### **CLAIMS AGAINST THE AGENCY**

12.1 [RESERVED]

## **ARTICLE 13**

### **PURCHASING POLICY**

13.1 [RESERVED]

## **ARTICLE 14**

### **INVESTMENT POLICY**

**EXHIBIT "A" UPPER VENTURA RIVER GROUNDWATER AGENCY INVESTMENT**

POLICY PURPOSE This investment policy establishes the practices and procedures to be used in managing the Upper Ventura River Groundwater Agency's (Agency) portfolio in accordance with the requirements of the State of California Government Code and the guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA). SCOPE OF THE POLICY This policy governs the investment of money that is not required to meet the immediate needs of the Agency. LEGAL AUTHORITY Government Code Sections: California Government Code Sections 53600 to 53609, 53635, and 16429.1 govern the investment of local agency funds. Legislative Changes: Any applicable legislative actions will be acted on as of their effective dates and will be incorporated into the policy annually, specifying the California Government Code sections that have been added, deleted or amended. OBJECTIVES The Agency Treasurer will consider the following factors in priority order when assessing investment opportunities: Safety: The primary objective is the preservation of principal. Capital losses will be avoided, whether from default or erosion of market value, meaning that the Agency will not sell or trade an investment because of market fluctuation. The two types of risk to be minimized are: Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations; and Interest rate or market risk – the risk that changes in interest rates will adversely affect the fair value of an investment. Liquidity: The second objective is the liquidity of the portfolio. The portfolio should remain sufficiently flexible to enable the Agency to meet the operating requirements that are reasonably anticipated. In order to ensure liquidity, the investment policy must recognize that calculating cash Page 2 of 11 flows are the basis of any good investment strategy. Meeting the daily cash flow demand goes hand-in-hand with meeting the Agency's liquidity needs. Yield: The third objective, behind safety and liquidity, is attaining a market rate of return throughout the budgetary and economic cycles. While managing the portfolio, the Treasurer, and designated staff, will strive to maintain public trust by avoiding any transactions that might impair public confidence in the Agency. When selecting investment instruments to recommend to the Agency Board, the Treasurer, and designated staff, will remain cognizant of any social and policy considerations that have been established and defined in this policy. GENERAL STRATEGY The Treasurer, and designated staff, may recommend a passive or active investment strategy. Passive investment policies adhere to the investment goal of holding investments to maturity. Active investment strategy is the buying and selling of investments to achieve a certain benchmark objective. Great care, coupled with the advice of a fiscal agent, should be followed with an active investment policy. The Agency follows the passive investment strategy of holding investments to maturity. STANDARD OF CARE Prudent Investor Standard: The prudence standard for trust investing traces back to Harvard College v. Amory, 26 Mass. (9 Pick.) 446 (1830). Judge Samuel Putnam stated that trustees should "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of the capital to be invested." This standard will be followed by the Treasurer, Member Directors, and designated staff. Ethics and Conflict of Interest: The Treasurer, Member Directors, and designated staff, shall refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions. Delegation of Authority: The following positions are delegated the power to invest the funds of the Agency: Any Member Director with Agency Board approval. This designation may change with the annual affirmation of this policy. The delegate is required to adhere to the requirements set forth in the investment policy. Page 3 of 11 SAFEKEEPING AND CUSTODY Third-party Safekeeping: Ownership of the Agency's investment securities will be protected through third-party custodial safekeeping. The custodian will provide the Agency with a safekeeping receipt or monthly, itemized statement. Exceptions to this requirement are made for certificates of deposit, money market funds and investment pools. Internal Controls: These are designed to ensure that the assets of the Agency are protected from theft, loss, or misuse. Such internal controls that are in place include: Control of collusion; Separation of duties; Safekeeping of securities; and Written confirmation of telephone transactions and wire transfers. The Agency will separate the person who authorizes or performs

the transaction from the person or people who ultimately record or otherwise account for the transaction to achieve separation of duties. Delivery vs. Payment: All investment transactions should be conducted using standard delivery vs. payment procedures. In delivery vs. payment, the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian and ensures that securities are deposited in an eligible financial institution prior to the release of funds. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS The Agency will only conduct business with approved banks, savings and loans, credit unions, and securities brokers/dealers. A list of financial dealers and institutions is to be maintained. Broker/dealers and institutions must meet all requirements established by federal and state law. SUITABLE AND AUTHORIZED INVESTMENTS Authorized Investment Types: The Agency, by virtue of California Government Code Sections 53600 et seq., has the ability to invest in numerous types of instruments. The Agency has looked at its goals, objectives, and standards of care in establishing a list of authorized investment types that also meet statutory requirements. Those types of investment instruments that meet the criteria for the Agency are: Securities of the U. S. Government, or its agencies; California's Local Agency Investment Fund (LAIF) pool; FDIC Insured Certificates of Deposit up to \$250,000; Bankers' Acceptances (not exceeding 40% of the Agency's portfolio/max maturity 180 days); Money Market funds; Collateralized deposits; Page 4 of 11 Passbook savings accounts; and Repurchase agreements and reverse repurchase agreements (no more than 25% of the Agency's portfolio). Prohibited Investment Types: In addition to a listing of authorized investments, California Government Code Section 53601.6 prohibits local agencies from investing in the following instruments: Inverse floaters; Range notes or mortgage-derived, interest-only strips; Any security that could result in zero interest accrual if held to maturity; Stock; and Futures or options. There may be additional investment instruments in which the Agency does not want the Treasurer to invest, and those will be defined in future investment policies. INVESTMENT PARAMETERS Diversification of Investments: The Agency may choose to impose more stringent restrictions or further restrictions on other investment instruments, depending on its investment goals and risk tolerances, than those proposed in the California Government Code Sections 53600 et seq. The Agency has indicated those authorized investments as follows: Money market funds; Collateralized deposits; Securities of any one issuer, not to exceed 5% of the Agency's portfolio, except those obligations of the U.S. government, U.S. governmental agencies, and U.S. government-sponsored enterprises; Mutual funds; and FDIC insured certificates of deposits. Maximum Maturity: California Government Code Section 53601 lists the maximum maturity for any instrument as five (5) years. The exception to this time frame is made for investments with LAIF or collateralized deposits. Minimum Credit Requirements: The Agency has chosen to follow the California Government Code Section 53601 that sets the minimum credit rating required for certain investment instruments as follows: Short-term debt shall be rated at least "A-1" by Standard & Poor's Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings. Long-term debt shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings. Page 5 of 11 Maximum Weighted Average Maturity of a Portfolio: As part of the portfolio performance report to be provided to the Agency Board, a weighted average maturity (WAM) of the portfolio is calculated. While there are no requirements under state law for a maximum WAM of a portfolio, CDIAC's Local Agency Investment Guidelines suggest that local agencies include and monitor WAM to arrive at an acceptable range for future implementation of a maximum benchmark. Social Responsibility: Priority will be given to investments that are in compliance with socially responsible goals, to the extent that such investments achieve equivalent safety, liquidity and yield compared to other investments that do not meet the Agency's socially responsible goals. When not impacting yield, safety and liquidity, priority will be given to investments that support community well-being through safe, environmentally sound, practices and fair labor practices. Investments are encouraged in entities that support combating climate change and equality of

rights regardless of race, sex, religion, age, national or ethnic origin, sexual orientation, or disability. **PORTFOLIO MANAGEMENT ACTIVITY** Active or Passive Portfolio Management: In active portfolio management, Agency may buy and sell securities based on how to maximize portfolio values over a given timeframe. In passive portfolio management, the goal is to match a market rate of return (usually a benchmark). Weighing the pros and cons of each strategy in light of staff resources and investment, the Agency has chosen to follow a passive portfolio management strategy. **Competitive Bidding:** Investments are purchased in the most cost effective and efficient manner utilizing approved brokers/dealers on all investment transactions. **Reviewing and Monitoring of the Portfolio:** The portfolio requires monthly staff review to ensure the investments are being properly tracked and reported. **Portfolio Adjustments:** If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Agency Board may choose to rebalance the portfolio earlier to bring it back into compliance only if the portfolio will not suffer any losses for selling the investment prior to maturity. **Performance Standards:** The objective of investing is to obtain a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs. **REPORTING Reporting Methods:** On a quarterly basis, the investment portfolio will be presented at an Agency Board meeting, along with the quarterly financial reports, and will list the following components: Types of investment; Page 6 of 11 Issuer names; Dates of maturity; Par amounts; Dollar amounts; Market values; Descriptions of programs under the management of contracted parties; A statement of compliance with the investment policy; and A statement of the ability to meet cash flow needs for six months. **Governmental Accountings Standards Board (GASB) Statement No. 31 - Marking to Market:** The Agency's portfolio is to be marked-to-market for the investment report provided to the Agency Board and at minimum, annually for the financial statements. Market values are to be obtained from a reputable and independent source and disclosed to the Agency Board in the written report. The independent source of pricing should not be one of the parties to the transaction being valued. Such an independent source could include a broker or other financial institution that was not counterparty to the transaction, the custodial bank if the bank was not a counterparty to the transaction, publicly available publications such as The Wall Street Journal, or other pricing services for which a separate fee would be paid. This is consistent with GASB Statement No. 31, which requires that governmental entities report investments at fair value, and with the California Governmental Code, which also requires market values of investments be reported. **Calculation of Yield and Costs:** All yield rates on investments will be presented at book value. **Investment Policy Adoption, Review, and Amendment:** The investment policy will be reviewed, amended, and presented to the Agency Board annually with budget adoption. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the local agency. **Definitions or Glossary of Terms:** This investment policy includes a definition section (Appendix A) in order to establish a common vocabulary between the Treasurer, and designated staff, the Agency Board, and the public. **APPENDIX A – INVESTMENT POLICY TERMINOLOGY** The following are examples of terminology commonly found in California Government investment policies. The inclusion of these sections provides clarity to investment policies and better enables readers to understand important concepts. **Authorized Financial Dealers and Institutions:** A list of financial institutions authorized to provide investment services. May also include a list of approved security broker/dealers with which the Agency can do business. These institutions and broker/dealers are usually selected by their ability to add value to the investment process. Some criteria to consider when choosing an approved broker/dealer include creditworthiness, expertise, and the products in which the financial dealer or Page 7 of 11 institution is familiar. GFOA suggests that all entities qualifying for investment transactions provide audited financial statements; proof of industry group (National Association of Securities Dealers [NASD]) certification; proof of state registration; completed broker/dealer questionnaire; and certification of having read, understood, and agreeing to comply with the investment policy. **Bankers' Acceptance:** A draft, bill or exchange accepted by a bank or trust company. The

accepting institution guarantees payment of the bill, as well as the issuer. Certificate of Deposit: A time deposit with a specific maturity evidenced by a certificate. Collateralization: Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. California Government Code Section 53601 requires that all repurchase agreements be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. California Government Code requires public deposits to be collateralized at 110%. Delegation of Authority: The granting of authority to manage the investment program to designated officials. Such authority is usually derived from code sections, ordinance, charters, or statutes. Government Code Section 53607, for example, allows the Agency Board to delegate, for a one-year period, its authority to invest or reinvest funds or to sell or exchange securities held by the local government. Delivery vs. Payment: A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts should hold securities. Diversification: A process of investing assets among a range of security types by sector, maturity, credit rating, and call type or structure. This reduces exposure to risk by combining a variety of investments, which are unlikely to all move in the same direction. GFOA suggests diversifying a Agency's investment portfolio by limiting investments to avoid exposure to a specific sector, limiting investment in securities with higher credit risks, investing in instruments with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as a local government investment pool, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. Ethics and Conflicts of Interest: The California Political Reform Act of 1974 requires certain designated public officials at all levels of government to publicly disclose their private economic interests and requires all public officials to disqualify themselves from participating in decisions in which they have a financial interest. As part of this requirement, local agencies are required to adopt and promulgate a Conflict of Interest Code, with certain required sections. To further promulgate this Code, investment policies sometimes include language requiring the ethical conduct of investment officers and statements regarding refraining from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. To avoid conflicts, GFOA recommends that investment officers disclose material interests in financial institutions with which they do business, Page 8 of 11 disclose personal financial interests that could be related to the performance of the investment portfolio, and refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the local government. Exemption: Language that grandfathers prohibited investments into the investment policy because they may have been held in the portfolio prior to the prohibition. When these investments mature or are liquidated, the money should be reinvested as provided by the policy and the exemption language should be removed from the policy. FDIC: Federal Deposit Insurance Corporation is a federal agency that insures bank deposits up to \$250,000 per deposit. General Objectives: The section of an investment policy that illustrates the three main objectives (safety, liquidity, and yield), in order of priority, of a good investment policy. In addition to these commonly included objectives, there are a myriad of other objectives for which an investment policy can strive. Safety is the preservation of principal. Liquidity is how easily an investment may be redeemed for cash. Yield is the current rate of return on a security generally expressed as a percentage of its current price. As per California Government Code Section 53600.5, safeguarding the principal of the funds under its control should be the primary objective of local agencies. Liquidity also should be a principal objective of a portfolio. The portfolio should maintain sufficient liquidity to meet operating requirements. To accomplish this, a local agency can structure a portfolio so that investments mature when cash is needed and also by investing in liquid securities with an active secondary market. Yield should be the last objective an investment portfolio should strive for, behind safety and liquidity. Since there are many different ways for yield to be calculated, the investment policy should specify how it is to

be calculated. Internal Controls: The system used to ensure that the local government assets are protected from loss, theft, or misuse. Such a system should provide a reasonable assurance that such loss, theft, or misuse can be prevented. Examples include separation of duties, delegation of authority, and documentation. GFOA suggests that an internal control system address the following points: control of collusion, separation of transaction authority from accounting and recordkeeping, custodial safekeeping, avoidance of physical delivery of securities, clear delegation of authority to subordinate staff, written confirmation of transactions for investments and wire transfers, and development of a wire transfer agreement with the lead bank and third-party custodian. Investment Parameters: Specified restrictions on investments to limit the amount of risk in a portfolio. These parameters may be specified in the California Government Code; however, the local agency may choose to further restrict investment options depending on its risk tolerance. Such parameters may include diversification of investments types, percentages, or dollar limits per issuer and setting maximum maturities. Investment Types: A recitation of the investment types the local agency has been given authority in which to invest. This may be a list of securities allowable under California Government Code Section 53601 et seq., and may be further restricted by the agency itself. For a description of the allowable California local agency investment instruments, please see CDIA's latest version of its Local Agency Investment Guidelines, available on its website at [www.treasurer.ca.gov/cdiac](http://www.treasurer.ca.gov/cdiac). Page 9 of 11 GFOA recommends the investment in the following types of securities: U.S. government securities and agency obligations; highly-rated certificates of deposit, bankers' acceptances, commercial paper; investment-grade state and local government obligations; repurchase agreements securitized by the previously-mentioned securities; SEC-regulated, dollar-denominated money market mutual funds; and local government investment pools. LAIF: Local Agency Investment Fund, the State of California's investment pool in which cities, counties and special districts may participate. Liquidity: A liquid asset is one that can be quickly and easily converted into cash without loss in value. Market Value: The price at which a security is trading at a point in time. Selling an investment at market value can result in a gain (\$500,000 investment sold for \$515,000 = \$15,000 gain) or loss (\$500,000 investment sold for \$498,000 = \$2,000 loss). Gains and losses are dependent on changes in the current rate of interest as compared to the interest rate of the investment that is being considered for sale. Marking-to-Market: The act of recording the price or value of a security to reflect its current market value rather than its book value. Maximum Maturities: Maturity is the date on which the security or obligation is redeemed by the issuer in exchange for cash. California law states that local governments cannot invest in instruments with terms remaining to maturity in excess of five years unless they receive express authority from their legislative bodies to do so. Local governments should attempt to match investment maturities with anticipated cash flow requirements. There is no requirement under California law for local governments to have a weighted average maturity (WAM) restriction for their portfolio, although CDIA's Local Agency Investment Guidelines suggests that local agencies consider adopting a WAM restriction. Performance Standards: The criteria by which a stated goal is measured. An investment portfolio's performance and risk exposure should be evaluated against appropriate benchmarks on a regular basis. One standard that should be strived for should be a market rate of return in a given interest rate environment. Policy Considerations: The local ordinances or other requirements that place restrictions on the policy. Local governments should consider what should be exempted from the policy and also when, or under what circumstances, the policy should be amended. Pooling of Funds: A statement in the investment policy that except for certain restricted or special funds, cash balances should be consolidated from all funds to maximize investment earnings. Portfolio: The collection of investment instruments held. Prudent Investor Standard: Legal maxim that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, Page 10 of 11 discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Reporting: Presentation of evaluation data or other information to communicate processes, roles, and results. Investment policies should include reporting

requirements such as methods of reporting investments, the standards against which investments should be reported, and the requirement for calculating market value. Reporting Methods: Ways in which investment outcomes are reported including listing of instrument values, dollar value returns, percentage yields, etc. GFOA suggests that local governments prepare investment reports at least quarterly. In California, investment reports are no longer required to be submitted to legislative bodies. This requirement is now permissive. If a local government chooses to submit an investment report in accordance with California Government Code Section 53646 to their legislative bodies, they are still required to submit copies to CDIAC for the second and fourth quarter of every calendar year until January 1, 2007. GFOA goes on to list some suggested components of investment reports including listing of securities, gains and losses, average weighted yield to maturity as compared to benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents. Repurchase Agreements: A repurchase agreement is a form of short-term borrowing for dealers in government securities, which are highly valued and thus considered a good source of collateral. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Investments in repurchase agreements may be made when the term of the agreement does not exceed one year. Risk: Two of the most common risks associated with local government portfolio investing are credit risk and interest rate risk. Credit risk is the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Limiting investment to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and others with which the local agency will do business, and diversifying the number of issuers in an investment portfolio can minimize credit risk. Interest rate risk can be minimized by structuring the portfolio so that investments mature at the same time that cash is required or investing operating funds in highly liquid, shorter-term securities (e.g., U.S. Treasury bills or notes). Safekeeping and Custody: Rules derived to ensure the safety of an investment and within whose control the investment resides. Some examples include third-party safekeeping, developing lists of authorized financial dealers and institutions, developing internal controls, and using a delivery vs. payment standard for transactions. Local agencies should consider requiring securities to be held by third-party custodians, evidenced by timely statements illustrating the balance held by these custodians. Scope: The types of funds that the policy covers (e.g., operating funds, bond proceeds, etc.). In general, investment policies cover short-term operating funds. Longer-term funds such as Page 11 of 11 retirement funds are covered by other policies. The investment of bond funds usually is governed by the bond documents such as the trust indenture. Standards of Care: The degree of care that a reasonably prudent person would exercise in the investment of local agency funds.

## **INVESTMENT POLICY**

~~14.1~~ [RESERVED]

### **ARTICLE 15**

#### **CONFLICT OF INTEREST CODE**

15.1 [RESERVED]

### **ARTICLE 16**

#### **AMENDMENT**

16.1 Amendment. These Bylaws may be amended from time to time by resolution of the Board. Any amendments must be in accordance with the terms of the Agreement.

**Commented [MT15]:** Article 14 of the Bylaws is hereby repealed in its entirety and replaced with Exhibit "A" - Resolution No. 2023-3

## **ARTICLE 17**

### **SPECIAL PROJECTS**

17.1 Special Projects. The Agency may undertake Special Projects as permitted by Article 17 of the Agreement.

## **ARTICLE 18**

### **MISCELLANEOUS PROVISIONS**

18.1 No Predetermination or Irretrievable Commitment of Resources. Nothing in the Bylaws shall constitute a determination by the Agency or any of its Members that any action shall be undertaken or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, State, or federal laws, including, without limitation, the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, have been achieved.



18.2 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the City Clerk, Board Clerk, or Board Secretary of the respective Director or Member and addressed to the Director or Member. Delivery may be accomplished by U.S. Postal Service, private mail service, or electronic mail.

18.3 Severability. Should any part, term or Article of the Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable federal law or any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remainder of the Bylaws shall not be affected thereby; provided, however, that if the remaining parts, terms, or Articles do not comply with the Joint Exercise of Powers Act, Government Code Sections 6500, *et seq.*, including all laws supplemental thereto, the Board shall amend the Bylaws to comply with law or rescind them in their entirety.

18.4 Singular Includes Plural. Whenever used in these Bylaws, the singular form of any term includes the plural form and the plural form includes the singular form.