

GOLETA WEST SANITARY DISTRICT SPECIAL FINANCE COMMITTEE AGENDA

FRIDAY, AUGUST 14, 2026

10:30 AM

UCSB Campus, Parking Lot 32
Santa Barbara, California 93106
(District Office)

Public Comment: If you wish to make a public comment on a specific agenda item, you may attend the in-person meeting at the District Office. Please note the District has the discretion to limit the speaker's time. If you wish to submit a hard copy of written comments to Committee members, please submit your comment at least three (3) hours prior to the start time of the meeting. Comments may or may not be read into the record during the meeting.

Accessibility: The Board of Directors Hearing Room is wheelchair accessible. Should special assistance be required to participate in this meeting, please contact the District office by phone (805-968-2617) or email (info@goletawest.org).

Call to Order: Director Zhu, Director Geyer

Questions/Comments from the public on any item not on the agenda

Business:

1. Discussion of Draft FY 2026-2027 Budget
2. Discussion of Board Policy Handbook Revisions
3. Discussion of Investment Policy Handbook Revisions

Adjournment:

Supplemental Materials:

Draft Board Policy Handbook

Draft Investment Policy Handbook



GOLETA WEST SANITARY DISTRICT

BOARD POLICY HANDBOOK

ADOPTED: January 21, 1997

REVISED: October 27, 1998
December 28, 1999
August 22, 2000
January 22, 2002
July 20, 2004
January 17, 2006
March 21, 2006
February 6, 2007
September 16, 2008
July 5, 2011
July 3, 2012
September 3, 2013
November 5, 2013
January 7, 2014
March 15, 2016
December 6, 2016
August 1, 2017
August 7, 2018
September 18, 2018
November 17, 2020
December 6, 2022
August 6, 2024
May 6, 2025
November 18, 2025

TABLE OF CONTENTS

SECTION 1. GENERAL EXPECTATIONS	3
SECTION 2. INFORMATION SHEET FOR CANDIDATES.....	5
SECTION 3. MEETING ATTENDANCE AND CONDUCT; VACANCIES.....	8
SECTION 4. BOARD MEMBER COMPENSATION AND REIMBURSEMENT OF EXPENSES.....	9
SECTION 5. EXPENSE REIMBURSEMENT.....	11
SECTION 6. BOARD OFFICERS.....	13
SECTION 7. COMMITTEES AND APPOINTMENTS	14
SECTION 8. BASIS OF AUTHORITY	16
SECTION 9. TRAINING AND EDUCATION	17
SECTION 10. BOARD MEETINGS	18
SECTION 11. BOARD MEETING AGENDA.....	19
SECTION 12. BOARD MEETING CONDUCT	20
SECTION 13. BOARD ACTIONS AND DECISIONS.....	21
SECTION 14. REVIEW OF ADMINISTRATIVE DECISIONS.....	22
SECTION 15. BOARD MEETING MINUTES.....	23
SECTION 16. CONFLICT OF INTEREST CODE	25
SECTION 17. PUBLIC COMPLAINTS.....	28
SECTION 18. GENERAL INFORMATION.....	29
SECTION 19. STATEMENTS OF POSITION ON PENDING LEGISLATION OR ADMINISTRATIVE ACTION	30
SECTION 20. PAPERLESS AGENDA AND TABLET USE POLICY	31
SECTION 21. DUTIES OF THE TREASURER AND AUTHORITY TO MAKE PAYMENTS AND TO TRANSFER AND WITHDRAW FUNDS.....	34
SECTION 22. PURCHASING OF EQUIPMENT AND SUPPLIES AND CONTRACTING FOR SERVICES	3837
SECTION 23. DISPOSITION OF OBSOLETE PERSONAL PROPERTY	4244
SECTION 24. ELECTRONIC SIGNATURE USE POLICY.....	43

SECTION 1. GENERAL EXPECTATIONS

1.1 The Board of Directors of Goleta West Sanitary District is committed to providing excellence in legislative leadership that result in the provision of the highest quality of services to its constituents. In order to assist in the government of the behavior between and among the members of the Board of Directors, the following expectations should be implemented.

- 1.1.1 The opinions of each Director shall be treated with respect by other Directors.
- 1.1.2 Responsiveness and attentive listening and communication are encouraged.
- 1.1.3 The needs of the District's constituents are a top priority of the Board of Directors.
- 1.1.4 The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are delegated to professional staff members.
- 1.1.5 Directors should focus on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.
- 1.1.6 Differing viewpoints are healthy in the decision making process. Individuals have the right to disagree, but should try to not be disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action.
- 1.1.7 Directors should practice the following procedures:
 - i. In seeking clarification on informational items, Directors may directly approach professional staff members.
 - ii. All complaints from residents and property owners of the District should be referred directly to the General Manager.
 - iii. Concerns for safety or hazards should always be reported to the General Manager or to the District office. Emergency situations should be handled immediately by seeking appropriate assistance.
 - iv. Policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances and programming, should be referred directly to the General Manager.

- 1.1.8 When approached by District personnel concerning specific District policy, Directors should direct inquiries to the appropriate staff supervisor. The chain of command should be followed.
- 1.2 The work of the District is a team effort. All individuals should collaborate.
- 1.3 Directors should always be courteous, responding to individual constituents in a positive manner and referring them to appropriate management personnel.
- 1.4 A working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly is desirable.
- 1.5 Directors should bring issues to the attention of the Board as a whole.
- 1.6 Directors are responsible for monitoring the District's progress toward meeting its goals.

SECTION 2. INFORMATION SHEET FOR CANDIDATES

2.1 Every Election year, the General manager/Superintendent shall publish on the District's website an Information Sheet for Candidates which provided information on the District and expectations for Board members. A single hard copy of said Information Sheet shall also be made available at no cost to any individual who requests it, additional copies may be charged at the usual rate for copies of public records.

2.2 The Information shall be in a form substantially as shown in the template below Said template was reviewed and approved by the Board at its July 2, 2024 and July 16, 2024 meetings.

GOLETA WEST SANITARY DISTRICT **Information Sheet for Candidates**

District Background

Goleta West Sanitary District (referred to as the "District") was formed in 1954 under the Sanitary District Act of 1923 (California Health and Safety Code Sections 6400 et seq.). It provides wastewater collection and treatment services to over 6,000 residential and non-residential properties within the District's service area, which encompasses the western Goleta Valley and Isle Vista. The District's wastewater collection system consists of approximately 63 miles of sewer lines and 2 pump stations, which convey customers' wastewater to the regional treatment plant at Goleta Sanitary District (GSD). Several other public agencies – including the City of Santa Barbara (Airport), County of Santa Barbara, and USCB – are also contractual users of the GSD treatment plant, and each has capacity rights in the plant for which they pay a pro rata share of capital improvement costs. Because the District has an approximately 41% capacity right in the GSD plant, it pays for roughly 41% of the capacity improvement costs for GSD's regional treatment plant.

Since 1963, the District has also provided award winning street sweeping services, and has maintained an industrial Waste Pretreatment Program to monitor and control the discharged waste of industrial users to the public sewer system. The Industrial Waste Pretreatment Program, required by the Federal Clean Water Act, ensures the continued effective operation of the collection system, treatment plant, and the protection of collection system workers.

The District operates under the leadership of a general Manager/Superintendent, and six staff, which includes four utility workers, and environmental compliance specialist and an office manager. General Counsel services are provided by an outside firm.

The District is an independent special district, meaning it functions separate and apart from any other local government (i.e., it is not part of the City of Goleta or County of Santa Barbara) and its Board is independently elected by District customers and acts with a relatively high degree of autonomy. As an enterprise agency, the District is funded primarily through fees paid by customers.

Board of Directors

The District is governed by a five-member Board of Directors, each elected to a four-year term. District elections, which are consolidated with the statewide election, are held every two years in November on even numbered years. Terms are staggered, with two terms expiring in one even-numbered year, and three terms expiring the following even-numbered year. Two District terms will expire in 2024 and three expire in 2026.

The November 5, 2024 election will mark the first of two elections that will transition the District from an at-large to a by-district-election system. The seats to be filled will represent new Districts 2 and 4. The remaining board members will continue to represent the District at-large, until their seats are up for election in 2026, at which time they (if re-elected) or their successors will be elected to represent new Districts 1, 3, and 5.

Candidates must be a United States Citizen, at least 18 years of age and reside within the boundaries of the Goleta West Sanitary District. Candidates must also reside within the district that they will represent. Election procedures and deadlines may be obtained from the Santa Barbara County Elections Division located at 4440-A Calle Real, Santa Barbara, California 93110.

As public servants, Board members must file certain financial disclosure forms that are public records such as Fair Political Practices Commission Form 700. Officeholders and candidates for office must also complete a Form 470.

Board member Expectations: Board Meetings and Other Commitments

The primary responsibilities of the Board include the formulation and evaluation of District policy as well as legal and fiduciary oversight of the District and its mission. Staff, on the other hand, is responsible for implementing the Board's general direction. Expectations of Board members include the following:

- **Attend All Regular and Special Board Meetings.** Board Members are expected to attend all regular and special Board meetings unless there is a good cause for absence. The Board meets on the first Tuesday of each month, and the third Tuesday of odd-numbered months. Board meetings begin at 5:30 pm in the District office located at UCSB, Parking Lot 32. Occasionally, these regularly scheduled meetings may be cancelled, while other special meetings may be called, sometimes on days and times that are not Tuesday at 5:30 pm.
- **Participate in District Committee.** In addition to Board meetings, Board Members are expected to serve on one or more of the District's five standing committees, which meet regularly on an as-needed basis (Management Committee, Finance Committee, Public Relations Committee, Engineering Committee, and Personnel Committee). Board Members may also be asked to serve on ad hoc committees that are created from time-to-time, depending on the needs of the District and the Board. Committee assignments are generally, but not always, made based on a Board Member's subject matter expertise. Committees are composed of two Board Members, and review specialty subject matter and make appropriate recommendations to the entire Board. The current committee representative assignments are found here [\[add link\]](#).

- **Familiarity with District Business, Policies and Regulations.** As representatives responsible for making important decisions on behalf of the District's customers, such as ratemaking, Board Members should strive to be informed about the issues facing the District and be prepared to ask relevant questions of staff and other Board members and to provide pragmatic advice and comment. Board members should also be familiar with the District's various ordinances and resolutions, which are available here and serve as a tool for accountability, transparency, and communication with costumers. The bulk of the District's policies and regulations relate to providing and maintaining sewer facilities and service, as well as Board and employee rules.
- **Represent the District at Meetings of Other Local Public Agencies.** Board Members also act as a District representative at the meetings of other local agencies, with alternatives assigned to act as a fill-in when the designated representative cannot attend a meeting. At the District's Board meetings, Board Members must report out on matters of interest to te District that are discussed at the meetings of the other local agencies. The current District representative assignments are found here **[add link]**.
- **Attend Mandatory Trainings.** As public officials, State law mandates Board members receive 2 hours of ethics (AB- 1234) training no later than one year after their first day of service in public office, and biannually thereafter. The training encompasses laws relating to personal financial gain (e.g., prohibition on bribery, conflicts of interest when leaving office), perquisites of office (e.g., limitation on receiving gifts, honoraria ban), government transparency (e.g., Public Records Act), and fair process (e.g., common bias laws, competitive bidding requirements for public contracts). Board Members are also biannually required to attend a two-hour sexual harassment prevention training.
- **Comply with Applicable Laws and Standards.** Board members are expected to combat themselves to the highest ethical standards both in their capacity as office holders and personally. Various state laws, including Brown Act ("sunshine law") and Political Reform Act, are designed to ensure that Board Members act in the best interested of the District and not for personal gain. Board members should also review and be familiar with the Board Policy handbook, which can be found here **[add link]**.

SECTION 3. MEETING ATTENDANCE AND CONDUCT; VACANCIES

3.1 Each Director shall attend all meetings of the Board unless there is a good cause for absence.

3.2 A Director shall be prepared to discuss agenda items at Board meetings. Information may be requested from staff before meetings.

3.3 Directors shall defer to the Chairperson for conduct of meetings of the Board. All comments should be brief and confined to the matter being discussed by the Board.

3.4 Directors may request that the minutes for that meeting include brief comments pertinent to an agenda item (including, if desired, a position on abstention or dissenting vote).

3.5 Requests by individual Directors for information and/or research from the District staff should be made through the General Manager.

3.6 Under California Government Code section 1770, a vacancy occurs if, inter alia, any Director ceases to discharge the duty of his/her office for a period of three (3) consecutive months, except when prevented by sickness or when absent from the state with the permission required by law.

SECTION 4. BOARD MEMBER COMPENSATION AND REIMBURSEMENT OF EXPENSES

4.1 Background

The Board of Directors of the Goleta West Sanitary District recognizes that the individual Directors attend and participate in various meetings to properly perform their duties.

The following guidelines set forth the District's policy relative to payment of compensation and reimbursement of expenditures to the Directors for attendance at those meetings. The Board may deviate from these guidelines within applicable statutory limitations, for specific circumstances when deemed appropriate by the Board of Directors.

4.2 Board and Committee Meetings

Members of the Board of Directors shall receive compensation in accordance with this policy for attendance at regular and special meetings of the Board of Directors and any committee thereof. Directors shall receive no compensation at meetings in which they arrive ten (10) minutes (or more) late, unless advance notice of the late arrival has been provided by the Director.

4.3 Attendance at Other Meetings

4.3.1 Compensation. From time to time, it is appropriate that one or more Directors attend a meeting sponsored by another public agency or organization at which matters that pertain to or may directly affect the District's operations will be discussed. The term "public agency" includes, but is not limited to, the County of Santa Barbara, the City of Santa Barbara, the City of Goleta, the Goleta Sanitary District, the Goleta Water District, Isla Vista Recreation and Park District, Santa Barbara Airport Commission, and the State and Regional Water Quality Control Board. A Director serving as an authorized District representative at such a meeting pursuant to Section 5.3 shall receive compensation in accordance with this policy.

4.3.2 Reimbursement. District Directors, in performing their duties, may elect to become involved in organizations or attend meetings that contribute to their effectiveness. "Organizations" and "meetings" include, but are not limited to, conferences and seminars, such as those sponsored by California Special Districts Association, California Association of Sanitation Agencies, University of California, CaLAFCO, etc.

4.4 A director shall be entitled to receive reimbursement of expenses from the District for attendance at the meetings referenced in this Section 3.3.2 provided (i) the director seeking reimbursement provides a report at a public meeting of the Board concerning the conference or meeting outlining the substance of the conference or meeting, and (ii) the Board has not voted to disallow reimbursement of expenditures related to that meeting.

Maximum compensation shall be as follows:

- 4.4.1 Daily – The maximum number of meetings per day for which a Director may receive compensation is one (1).
- 4.4.2 Monthly – The maximum number of meetings per month for which a Director may receive compensation is six (6).
- 4.4.3 Authorized Expenses – A Director shall be reimbursed for expenses incurred due to attendance at all authorized meetings, conferences, and seminars.

4.5 Amount of Compensation; Record Keeping; Public Disclosure

Each Director shall be compensated per meeting at an amount that shall be established by the Board of Directors in a manner consistent with state statutes governing director compensation, including provisions of setting limits on increases in compensation.

No later than the 15th day of the month, each Director shall submit to the General Manager a list of meetings, conferences and seminars attended by each Director during the preceding month and for which the Director seeks compensation or reimbursement of expenditures. If a Director timely submits such a list, the General Manager is authorized to provide compensation and reimbursement of expenditures in a manner consistent with this policy. If a Director does not timely submit such a list by the 15th day of the month, no compensation shall be paid.

The District shall disclose on its website the appointment of any Director to a committee of the District in accordance with state law and regulations, including regulations of the Fair Political Practices Commission. In addition, while not required by law, the District shall also disclose on its website the appointment of any Director to serve as the District's regular representative at meetings of other public agencies, including the name of the Director who was so appointed, the name of any Director appointed as an alternate, the term of the appointment, and the compensation to be paid to the Director or alternate for that attendance.

SECTION 5. EXPENSE REIMBURSEMENT

5.1 Background

The Board of Directors has determined that it is in the best interest of the District for the Directors to participate from time to time in conferences, seminars and meetings related to the governance and activities of public agencies, particularly those responsible for wastewater collection, treatment, and disposal. It is the policy of the District to reimburse its Directors and staff for travel, lodging and meal expenses incurred while on District business.

5.2 Registration Fees

Registration fees, charges for printed materials, and similar expenses related to an authorized conference, seminar, workshop, or meetings are reimbursable expenses. Whenever possible, arrangements should be made to directly pay such registration fees and expenses in advance by the District.

5.3 Transportation Expenses

Reasonable transportation costs for a Director related to District-authorized travel is a reimbursable expense. Reimbursement for air transportation costs may not exceed the cost of coach class travel. The use of a private vehicle will be compensated at the then current Internal Revenue Service standard mileage rate for business use of a private automobile. Reasonable expenses for train travel, a rental car, taxi, or shuttle service will be reimbursed.

5.4 Lodging Expenses

Reasonable lodging costs for a Director or staff member related to District-authorized travel is a reimbursable expense, to the extent permitted by this policy. Reimbursement for lodging costs may not exceed the available government rate or group rate. If the government or group rate is not available at the time of booking, the person seeking reimbursement shall make reasonable efforts to use comparable lodging that does not exceed the government or group rate available. When a Director or staff member is authorized to travel on behalf of the District and an overnight stay is required, an attempt shall be made to have the District billed in advance for lodging expenses. No reimbursement will be made for extra services or entertainment, including but not limited to movie rentals or use of a hotel exercise facility, spa, room service, or mini-bar, except for a room service meal reimbursed under the provisions of Paragraph 4.5.

5.5 Meal Expenses

Directors shall be entitled to reimbursement of expenses for meals (including tips and excluding alcoholic beverages) while traveling or attending meetings on behalf of the District in an amount not to exceed the amounts established by the Board of Directors. The current meal expense reimbursement limit shall be one hundred dollars (\$100) per day.

The District will not reimburse any expenses for consumption of alcoholic beverages.

5.6 Requests for Reimbursement

All requests for reimbursement shall be made in writing on the District Reimbursement Request Form signed by the person requesting reimbursement within thirty (30) days of completion of travel and shall be accompanied by supporting receipts and records.

Travel costs for spouses or guests will not be reimbursed by the District.

Expense reimbursements shall be processed by the District's Staff in accordance with the provisions of this Policy.

In the event a person seeking reimbursement fails to either request reimbursement within thirty (30) days, or to include receipts or other documentation as required, Staff shall promptly contact the person with a description of the deficiencies. If said deficiencies are not corrected within fourteen (14) days, reimbursement shall be denied.

5.7 Meeting Reports

A Director attending a meeting for which the Director is compensated or receives reimbursement of expenses shall provide a brief report to the Board of Directors at the next regular Board meeting.

5.8 Public Records

All documents submitted to the District in connection with a request for reimbursement, including the District Reimbursement Request Form and supporting receipts and records, are public records under the California Public Records Act.

SECTION 6. BOARD OFFICERS

6.1 The officers of the District are as defined by the Sanitary District Act of 1923, which as of this writing defines “officers” as the five members of the Board.

6.2 At the first meeting in December of each year, the Board shall select one of its members to serve as President for the upcoming calendar year, and shall select one of its members to serve as Vice President for the upcoming calendar year, and shall select a qualified person, who may or may not be a member of the Board of Directors, to serve as Secretary for the upcoming calendar year. It is anticipated that a member who has completed a term as Vice President will be selected to serve as President in the subsequent year, unless the Board otherwise determines.

6.3 The President of the Board of Directors shall serve as chair at all Board meetings. The President shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances and any other discussion of questions that follow such actions.

6.4 In the absence of the President, the Vice President of the Board of Directors shall preside over Board meetings. If the President and Vice President are both absent, the remaining members shall select a member to preside at that meeting.

SECTION 7. COMMITTEES AND APPOINTMENTS

7.1 The following shall be standing committees of the Board, except as the Board shall otherwise determine:

- i. Personnel Committee
- ii. Finance Committee
- iii. Communications Committee
- iv. Engineering Committee
- v. Management Committee

7.2 The Board President shall appoint and publicly announce the members of the standing committees for the ensuing year at the Board's first regular meeting in January.

7.3 Each standing committee shall have the authority, on its own initiative, to review District functions, activities and/or operations within the scope of the committee's designated concerns as stated in Subsections 7.5, 7.6, 7.7, 7.8 and 7.9. In addition, a committee shall undertake such deliberations as may be assigned to the committee by the Board President or a majority vote of the Board. Any recommendations resulting from a committee's deliberations shall be submitted to the Board via a written or oral report.

7.4 Each standing and ad hoc committee shall have a chair appointed by the Board President. A committee chair shall set the agenda and schedule for each committee meeting.

7.5 The Board's standing Personnel Committee shall be concerned with the functions, activities operations, compensation and welfare of District staff and Board of Directors.

7.6 The Board's standing Finance Committee shall be concerned with the financial management of the District, including the development of a Financial Policy, preparation and review of an annual budget and major expenditures and management of the District's investment portfolio.

7.7 The Board's standing Communications Committee shall be concerned with the development and review of the District's newsletter and website prior to final approval by the Board of Directors and other District outreach efforts.

7.8 The Board's standing Engineering Committee shall be concerned with the maintenance, operation and repair of the collection system, pump stations, facilities, street sweeping operations, the regional treatment Plant, and IT infrastructure.

7.9 The Board's standing Management Committee shall be concerned with issues as they relate to the District's association with other agencies or entities such as Goleta Sanitary District, Goleta Water District, UC Santa Barbara, Isla Vista Recreation and Park District, County of Santa Barbara, City of Goleta, or others.

7.10 The Board President shall appoint such ad hoc committees as may be deemed necessary or advisable by himself/herself and/or the Board. The duties of the ad hoc committees shall be outlined at the time of appointment and the committee shall be considered dissolved when its final report has been made.

7.11 The Board President may appoint Board Members to serve as representatives to other public agencies and similar entities.

7.12 The Board President may be appointed to a committee or to serve as representative to another public agency or similar entity, by majority vote of the Board. When considered for an appointment, the Board President shall not participate in any deliberations or vote on the appointment.

SECTION 8. BASIS OF AUTHORITY

8.1 The Board of Directors is the unit of authority within the District. As individuals, Directors may not commit the District to any policy, act, or expenditure.

8.2 Directors do not represent any fractional segment of the community, but are, rather, a part of the body which represents and acts for the community as a whole.

SECTION 9. TRAINING AND EDUCATION

9.1 It is the policy of the Goleta West Sanitary District to encourage Board development and excellence of performance by facilitating attendance at training and education courses and at local, state, and national conferences associated with the interests of the District.

9.2 District administrative staff shall be responsible for making arrangements for travel, lodging and registration of Directors and staff attending state and national seminars, workshops, and conferences.

9.3 Upon returning from seminars, workshops, or conferences where expenses are reimbursed by the District, Directors will either prepare a written report for distribution to the Board or make a verbal report during the next regular meeting of the Board. Materials from the session(s) may be delivered to the District office to be included in the District library for the future use of District personnel.

SECTION 10. BOARD MEETINGS

10.1 Regular Meetings of the Board of Directors shall be held at 5:30 pm on the first Tuesday of each month and the third Tuesday of each odd-numbered month in the District office, UCSB Campus Lot 32, Santa Barbara, California, except as the Board of Directors may otherwise determine.

10.2 Special Meetings of the Board of Directors may be held (Government Code Section 54950 *et seq.*).

10.3 The President and the General Manager shall insure that appropriate information is available for the audience at meetings of the Board of Directors, and that physical facilities for said meetings are functional and appropriate.

SECTION 11. BOARD MEETING AGENDA

11.1 The General Manager, in cooperation with the Board President, shall prepare an agenda for each regular and special meeting of the Board of Directors. Any Director may contact the Board President or General Manager and request any item to be placed on the agenda of a regular meeting no later than 5:00 p.m. on the Wednesday prior to the regular meeting date, and the request shall be granted within a reasonable period of time

11.2 Ex-agenda items may be voted on by the Board of Directors and added to the agenda for discussion and action pursuant to the provisions of state law.

11.3 Any member of the public may request that a matter directly related to District business be placed on the agenda of a regularly scheduled meeting of the Board of Directors, subject to the following conditions:

11.3.1 The request shall be in writing and be submitted to the General Manager or Office Manager together with supporting documents and information, if any, at least five (5) business days prior to the date of the meeting.

11.3.2 The Board of Directors may place limitations on the total time to be devoted to a public request at any meeting and may limit the time allowed for any one person to speak on the issue.

11.4 Members of the public may request mailed or e-mailed copies of agendas for Board and Committee meetings. Pursuant to Government Code section 54954.1, such request shall expire on January 1 of each year unless the person making the request renews the request. The District may require any person requesting a mailed copy of the agenda to bear the costs of mailing.

11.5 The Board may allow public comment on any agenda item at regular and special meetings in accordance with state law. Public comment on any matter within the Board's jurisdiction shall only be permitted at regular meetings.

SECTION 12. BOARD MEETING CONDUCT

12.1 Meetings of the Board of Directors shall be conducted by the President or other presiding officer in a manner consistent with the Rosenberg's Rules of Order (rev. 2011).

12.2 All Board meetings shall commence at the time stated on the agenda and shall be guided by same.

12.3 The public shall be entitled to attend and participate in open sessions to the extent authorized by state law and subject to the following:

12.3.1 No oral presentation shall include complaints against any District employee. Charges or complaints against employees shall be submitted in writing to the Board of Directors.

12.4 Willful disruption of any meeting of the Board of Directors shall not be permitted. If the President or presiding officer finds that there is willful disruption, he/she may order the room cleared and the meeting terminated.

SECTION 13. BOARD ACTIONS AND DECISIONS

13.1 The Board of Directors shall take action by motion, resolution, or ordinance.

13.2 Formal action can only be taken by the vote of the majority of the Board of Directors. Three (3) Directors represent a quorum for the conduct of business. A member abstaining in a vote is considered as absent for that vote.

13.3 The Board may give direction, which does not constitute formal action. Such direction does not require a motion and vote. Such direction may include instructions to the General Manager, continuances, requests, and employee instructions.

SECTION 14. REVIEW OF ADMINISTRATIVE DECISIONS

14.1 Statute of Limitations; Procedures. The provisions of Section 1094.6 of the California Code of Civil Procedure, including but not limited to the provision therein imposing a ninety (90) day statute of limitations on certain decisions by the Board of Directors, shall be applicable to judicial review of all administrative decisions of the Board of Directors pursuant to the provisions of CCP Section 1094.5. The provisions of Section 1094.6 shall prevail over any conflicting provisions and any otherwise applicable law, rule, policy, or regulation.

14.2 The purpose of this policy is to assist in the efficient administration of the District.

SECTION 15. BOARD MEETING MINUTES

15.1 The Secretary of the Board of Directors shall keep the minutes of all regular and special meetings of the Board.

15.1.1 Minutes shall be distributed to Directors with the agenda for the next regular Board meeting.

15.1.2 The original minutes of all meetings of the Board shall be kept in a fire-proof vault or in fire-resistant, locked cabinets for the period of time required by law.

15.2 A video or audio tape recording of any meeting of the Board of Directors, including closed sessions, shall be made if (i) requested by the Secretary, General Manager, or any Director, and (ii) approved by three or more members of the Board.

15.2.1 The recordings, tapes, discs, or other electronic data/information storage devices shall be kept in a fireproof, locked vault or in fire-resistant, locked cabinets for the period of time required by law.

15.3 Motions shall be recorded as having passed or failed and individual votes shall be recorded unless the action was unanimous.

15.4 Resolutions and/or ordinances shall be recorded as having passed or failed and individual votes shall be recorded.

15.4.1 All resolutions and ordinances adopted by the Board shall be numbered consecutively.

15.5 The minutes of the Board meeting shall be organized in the same manner as the agenda for that meeting and shall include the following information:

15.5.1 Procedures:

15.5.1.1 Date, place, and type of each meeting.

15.5.1.2 Directors present and absent.

15.5.1.3 Call to order.

15.5.1.4 Pre-adjournment departure of Directors by name, or if absence takes place when any agenda items are acted upon.

15.5.1.5 A record of all members of the public appearing before the Board.

15.5.1.6 Adjournment of the meeting.

15.5.1.7 Record of written notice of special meeting.

15.5.1.8 Record of items to be considered at special meetings.

15.5.2 Board activity:

15.5.2.1 Approval of the minutes or amended minutes of preceding meetings.

15.5.2.2 Brief Summary of each agenda item.

15.5.2.3 The record of the vote on each motion unless unanimous.

15.5.2.4 Action taken on each Board resolution and ordinance and the number assigned thereto by the Secretary.

15.5.2.5 A record of all contracts approved by the Board, including bids submitted to and awarded by the Board.

15.5.2.6 A summary of the General Manager's report to the Board including employment and resignations or terminations of employment within the District.

15.5.2.7 Adoption of the annual budget.

15.5.2.8 Approval of all policies and Board-adopted regulations.

SECTION 16. CONFLICT OF INTEREST CODE

16.1 The Political Reform Act, Government Code 81000 et seq., requires each local agency to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Sec. 18730, which contains the terms of a standard conflict of interest code that may be adopted by a public agency by reference. Therefore, the terms of 2 Cal. Code of Regs. 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which members of the Board of Directors and employees are designated, and in which disclosure categories are set forth, constitute the conflict of interest code of the Goleta West Sanitary District.

16.2 Designated employees may file their statements of economic interest (Form 700) online, which will be submitted to the Santa Barbara County, Clerk, Recorder and Assessor. Statements will be made available for public inspection and reproduction (Gov't. Code Section 81108). Designated employees who file using a paper Form 700 shall file with the District Filing Official (the General Manager/Superintendent). Upon receipt of the statement, the Filing Official shall make and retain a copy and forward the original statement to the Santa Barbara County Clerk, Recorder and Assessor, mailing address: County Elections, PO Box 61510, Santa Barbara, CA 93160-1510.

APPENDIX A

PART I – DESIGNATED EMPLOYEES

Positions	Disclosure Categories
Members of the Board of Directors	1-5
General Manager/Superintendent	1-5
Consultants ¹	1-5
Utility Worker IV	1-5
Environmental Compliance Specialist	1-4
Office Manager	3

PART II – DISCLOSURE CATEGORIES

CATEGORY 1

Interests in real property which are located within the jurisdiction² of the District, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property.

CATEGORY 2

Business positions or investments in or income from persons or business entities engaged in the appraisal, acquisition, or disposal of, real property within the jurisdiction of the District.

CATEGORY 3

Business positions or investments in business entities, or income from any sources, if the business entities or sources of income are of the type which might provide services, supplies, materials, machinery or equipment to or for the use of the District.

CATEGORY 4

¹ Consultants are considered to be designated employees. However, the General Manager may determine in writing that a particular consultant, although in a designated position, performs a limited range of duties and should not be required to fully comply with the disclosure requirements described in this section. Such written determination shall include a written description of the consultant's duties and, based upon that description, a statement of the extent of the disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

² Real property is located within the jurisdiction of District if any part of the property is located within or not more than two miles outside the boundaries of District or within two miles of any land owned or used by District. For all other purposes, the jurisdiction of District is equivalent to its geographical boundaries.

Business positions or investments in business entities and income from any sources, if the business entities or sources of income are of the type which are subject to the regulation or supervision of the District (including, but not limited to, the issuance or granting of franchises, building permits or other use or business permits or any other land use control or regulation).

CATEGORY 5

Business positions or investments in business entities or income from any sources, if:

- a) The business entities or sources of income have filed a claim, or have a claim pending against the District; and
- b) The designated employee's duties involve the handling or processing of such claim

SECTION 17. PUBLIC COMPLAINTS

17.1 The Board of Directors desires that public complaints be resolved at the lowest possible administrative level, and that the method for resolution of complaints be logical and systematic.

17.2 A public complaint is an allegation by a member of the public of a violation or misinterpretation of a District policy, state or federal statute that adversely affects the individual.

17.3 Complaints from the public shall be as follows:

17.3.1 The individual with a complaint shall first discuss the matter with the Office Manager with the objective of resolving the matter informally.

17.3.2 If the individual registering the complaint is not satisfied with the disposition of the complaint by the Office Manager, the complaint may be filed with the General Manager. Within a reasonable time, the General Manager shall meet with the person filing the complaint to resolve the matter. At the option of the General Manager, he/she may conduct conferences and take testimony or written documentation in the resolution of the complaint. A written decision from the General Manager may be requested by the individual filing the complaint.

17.3.3 If the individual filing the complaint is not satisfied with the disposition of the matter by the General Manager, a written complaint may be filed with the Board of Directors within ten (10) days of receiving the General Manager's decision. The Board may consider the matter at the next regular meeting, or call a special meeting. The Board will expeditiously resolve the matter. In making the final decision, the Board may conduct conferences, hear testimony, as well as utilize the transcripts of written documentation. A written decision from the Board may be requested by the individual filing the complaint.

17.4 This policy is not intended, and shall not be applied, to prohibit or discourage a member of the public or District employee from appearing before the Board in regard to actions of the Board or District programs and services.

SECTION 18. GENERAL INFORMATION

18.1 Industry Group Memberships. The District generally maintains memberships in the following groups: California Special Districts Association (CSDA) (both state and Santa Barbara chapters), California Association of Sanitation Agencies (CASA), California Water Environment Association (CWEA), and Southern California Alliance of Publicly Owned Treatment Works (SCAP). The Board of Directors may elect to enroll the District as a member in other groups and organizations.

SECTION 19. STATEMENTS OF POSITION ON PENDING LEGISLATION OR ADMINISTRATIVE ACTION

19.1 Background

The Board of Directors believes that the proper discharge of its duties includes an obligation to be informed of legislative and administrative activities at other levels of government that may affect the District's interests. From time to time, the District may wish to communicate its position on pending legislation or administrative action (on a county, regional, state or federal level). Such a statement of position may be requested by one of the organizations of which the District is a member (e.g., CASA, CSDA) or otherwise. The purpose of this protocol is to establish a procedure for the preparation and communication of that position.

19.2 General Procedure

The General Manager and General Counsel shall provide regular reports on pending legislative or administrative action to the Board of Directors. These reports should be provided on a quarterly basis to the Board's Management Committee, which shall review those reports and forward to the Board those items the Committee deems appropriate for the Board's review and consideration. The reports shall include, insofar as feasible, the positions taken by professional or industry organizations of which the District is a member (e.g., CASA, CSDA). The General Manager and General Counsel shall have the discretion to prepare and provide to the Board a proposed statement of position on any pending legislative or administrative action which, in their judgment, is appropriate under the circumstances.

19.3 Quick Action Procedure

From time to time, the District may be asked for a statement of position on a quick-response basis and with insufficient time for the Management Committee or Board of Directors to review and consider the matter. Under those circumstances, the President and General Manager shall have the authority to prepare and submit a statement of the District's position, provided that position is consistent with any position asserted by either CASA or CSDA. That statement shall be presented to the Management Committee and the Board at their next meetings. The President and General Manager shall also have the authority to convene a special meeting of the Board to consider the matter, if they deem it appropriate to do so.

SECTION 20. PAPERLESS AGENDA AND TABLET USE POLICY

20.1 General Statement

The Board of Directors (the “Board,” individually “Board Member”) for Goleta West Sanitary District (the “District”) finds that the use of paperless agenda packets will significantly reduce printing and delivery costs, save staff time, lessen the environmental effects of paper use and disposal, and allow Board Members and designated staff to more effectively perform their duties. The use of a tablet device will allow for electronic transmission of agenda materials to Board Members and eliminate the need for printed agenda packets.

20.2 Purpose

In order to protect the public’s trust and operate in an open and transparent manner, the use of Tablets must be in accordance with all laws and regulations applicable to public agencies, including the Brown Act, the California Public Records Act, and principles of due process. This Paperless Agenda and Tablet Use Policy (“Policy”) shall provide guidance as to how Tablets may be lawfully and effectively used to implement the District’s shift to paperless agendas.

20.3 Policies and Procedures

20.3.1 General Device Rules:

20.3.1.1 Issuance and Service: Each Board Member is eligible to receive a District-issued tablet device (“the Tablet”) with Wi-Fi connectivity for use during his or her term. During Board and Committee meetings, each Board Member will have access to the Internet through this Tablet via a District WiFi connection. The Board may authorize a District-funded data plan for use on the Tablets. If a Tablet User’s use of the Tablet results in an extra charge to the District, the Tablet User shall be responsible for reimbursing the District. This includes but is not limited to charges for text messaging, roaming charges, overage charges, and multimedia charges. The General Manager shall determine which employees, if any, are required to maintain a Tablet in conjunction with the performance of their job duties and responsibilities.

20.3.1.2 Responsibility for Tablet: Each Board Member or designated employee (“Tablet User”) shall be solely responsible for the Tablet when under his or her control and shall take all reasonable measures to protect the Tablet from loss, damage, theft, and unauthorized use. In the event a Tablet is lost or stolen, the Tablet User shall report the loss or theft to the General Manager immediately (ideally within 24 hours). In the event that malfunction or damage

necessitates the repair or replacement of a Tablet, the Tablet User shall contact the General Manager with a verbal or written description of the problem and deliver the Tablet to the General Manager. A Tablet User may be held responsible for excessive repair or replacement costs incurred by the District resulting from loss, theft, or damage. The District may periodically add or remove applications or software from the Tablet at its discretion.

20.3.1.3 Return: The Tablet User shall return the Tablet to the District prior to the Tablet User's last day of service. If a Tablet User repeatedly violates the terms of this Policy, the Tablet User may be required to return the Tablet to the District.

20.3.2 Acceptable Use: Tablet Users shall use Tablets solely for District business, including review of electronic Board agenda materials, researching relevant topics, obtaining useful information for District business, and conducting District-related communications as appropriate. Tablet Users shall not use Tablets for campaign activities, personal business, or any other personal use. Use of the Tablet shall be in accord with all local, state, and federal laws.

20.3.3 Privacy and District Access

20.3.3.1 District Property: The Tablet is property of the District. The District reserves the right to inspect any and all files stored on the Tablet. Tablet Users do not have any personal privacy right in any matter created, received, stored in, or sent from the Tablet.

20.3.3.2 California Public Records Act: All emails, files, notes, photographs, and other records created, received, stored in, or sent from a Tablet may be subject to disclosure under the California Public Records Act.

20.3.4 Usage During Board Meetings: A Board Member shall not use the Tablet in any manner that constitutes a violation of due process or the Brown Act. During Board meetings, Board Members shall refrain from using the Tablet to exchange information with each other or District staff about District issues or using the Internet to access information concerning a matter on the agenda for that meeting that was not made available in the agenda packet and in other materials distributed prior to the Board meeting. To avoid an appearance of impropriety, Board Members shall not use the Tablet to send any emails or text messages during Board meetings.

- 20.3.5 Security Precautions: A Tablet User shall not download files to the Tablet from sources which he or she has any reason to believe may be untrustworthy. Downloaded files and attachments may contain viruses or hostile applications that could damage the District's systems. Tablet Users shall make all necessary and reasonable efforts to protect the security of any confidential information which is placed in their control or care to avoid the likelihood of transmission of confidential information to unauthorized recipients.
- 20.3.6 District Liability: By providing a Tablet for District business, the District assumes no financial or legal obligations related to the Tablet User's use of the Tablet. The District does not accept responsibility for loss of any information or data stored on the Tablet.

SECTION 21. DUTIES OF THE TREASURER AND AUTHORITY TO MAKE PAYMENTS AND TO TRANSFER AND WITHDRAW FUNDS

21.1 General Statement

~~In order to enhance the effective functioning of the Goleta West Sanitary District ("District"), the~~ The Board of Directors ("Board") has created a Treasurer position and authorized the Treasurer to exercise certain powers ~~to enhance the effective functioning of the Goleta West Sanitary District ("District").~~ The Board has also authorized the establishment of deposit accounts and allowed for the transfer of funds between, and withdrawal of funds from, those accounts. This ~~Section 21~~ section ("Policy") ~~shall govern~~s the authority of the Treasurer, Vice Treasurer, ~~Board of Directors~~, General Manager, and Office Manager ~~relating as it relates~~ to the transfer and withdrawal of funds and the making of payments on the District's behalf.

21.2 Treasurer

21.2.1 Treasurer Position: The District has established the position of District Treasurer with all of the powers and duties authorized by state law and this section.

21.2.2 Designation of Treasurer: The Chair of the District Finance Committee shall serve as the Treasurer for the District. ~~The second Director serving on the District Finance Committee shall serve as Treasurer during times that the Committee Chair is unavailable. In the event the District Finance Committee is composed of more than two Directors, the President shall designate the Director who shall serve as Treasurer during times that the Committee Chair is unavailable.~~

21.2.3 Treasurer's Powers and Duties: ~~The~~ Without limiting the generality of the foregoing, the Treasurer's powers and duties shall include, without limitation, the following:

21.2.3.1 Oversight of all District accounting and bookkeeping.

21.2.3.2 Review of the District's financial statements and investment reports at meetings of the District Finance Committee.

21.2.3.3 At least four times a year, receive unopened bank statements related to District accounts and review all cancelled checks therein, and provide a report to the District Finance Committee ~~of the Board~~.

21.3 Vice Treasurer: The second Director serving on the District Finance Committee shall serve as the Vice Treasurer. If and when the Treasurer is unavailable, the Vice Treasurer shall step into the role of the Treasurer and shall assume all of the powers and duties set forth in this Section for the duration of the Treasurer's unavailability. For purposes of this Section, the Treasurer shall be considered to be unavailable as a result of travel outside of the District's

jurisdiction, notified medical procedures or other illness, and/or failing to respond within 36 hours to at least two attempts at contact by the General Manager during times that the Committee Chair is unavailable. In the event the District Finance Committee is composed of more than two Directors, the Board President shall designate the Director who shall serve as Vice Treasurer during times that the Committee Chair is unavailable. Notwithstanding the foregoing, the Vice Treasurer shall have the same right to information as the Treasurer and the General Manager shall endeavor to provide all information contemplated under this Section to the Vice Treasurer at the same time as the Treasurer.

21.3.21.4 General Manager

21.3.121.4.1 Authorized Payments: The General Manager is authorized to make payments for any of the following, provided the procedure in subsection 20.6 is followed:

21.3.1.121.4.1.1 Expenses related to a capital project approved by the Board.

21.3.1.221.4.1.2 Expenses related to a maintenance project approved by the Board.

21.3.1.321.4.1.3 Expenses related to services provided by the Goleta Sanitary District for operation of the wastewater treatment plant, services provided by District counsel or accountants/auditors pursuant to an agreement with the District, and insurance premiums.

21.3.1.421.4.1.4 Invoices received from utility providers (for example, water, gas, electric, telephone).

21.3.1.521.4.1.5 Invoices received from Santa Barbara County for accounting and auditing services and expenses related to District elections.

21.3.1.621.4.1.6 Payroll.

21.3.1.721.4.1.7 All other invoices for supplies or services reflected in the Board--approved budget.

21.3.221.4.2 Duty to Report: The General Manager shall advise the Board of all contracts executed and payments made pursuant to Sections 20 or 21 as part of the operations report at the Board meeting following the execution of a contract or making of a payment.

21.3.321.4.3 Authorized Persons: For purposes of this subsection 20.3, the term "General Manager" shall include any person authorized in writing by the Board.

21.421.5 Bank Accounts

21.4.21.5.1 Deposit Accounts: The President of the Board and the Treasurer ~~of the District~~ are hereby authorized to establish the following deposit accounts with Montecito Bank and Trust ("Bank"). The accounts shall be known as the "Money Market Account," the "Operating Account," and the "Payroll Account," and all such accounts shall be subject to such terms and conditions as may be agreed upon between the Bank and the District.

21.4.21.5.2 Custodial and Investment Accounts: The President of the Board and the Treasurer ~~of the District~~ are hereby authorized to establish one or more custodial or investment accounts, subject to the District's investment policy.

21.521.6 Transfers of Funds

21.5.21.6.1 Transfers of Funds Between Accounts: Funds may be transferred among the authorized accounts within the same financial institution described in Section 21.420.4 with approval of any of the following persons:

21.5.1.21.6.1.1 General Manager and Office Manager, or

21.5.1.21.6.1.2 Treasurer or ~~Assistant Vice~~ Treasurer

21.5.21.6.2 ~~Inter-bank~~ Inter-Bank Transfers: The General Manager is authorized to transfer funds between financial institutions, with the Treasurer's prior written approval.

21.621.7 Withdrawal of Funds

21.6.21.7.1 Authority to Withdraw Funds of \$25,000 or Less, or Otherwise Authorized: Funds may be withdrawn from the Operating Account ~~by on a~~ check or draft of the Goleta West Sanitary District signed by any two of the following persons if the ~~amount check or draft~~ is either (i) twenty-five thousand dollars (\$25,000) or less, or (ii) within the General Manager's authority to make payments as set forth in Sections 21.20 and 21.3: the General Manager, the Office Manager, or any Director.

21.6.21.7.2 Authority to Withdraw Funds Outside General Manager's Authority: Funds may be withdrawn from the Operating Account ~~by on a~~ check or draft of the Goleta West Sanitary District signed by (i) the General Manager or the Office Manager, and (ii) any Director, if the amount exceeds one of the Directors, if the check or draft is outside the General Manager's authority to make payments as set forth in Sections 21.220 and 21.3.

~~21.6.3~~21.7.3 Bank Authorized to Honor Signatures Authorized in Section 21.6:

~~The two-signature~~Honor: The requirements of Sections 21.6.1~~Section 20.6.1 and 21.6.2~~20.6.2 are for the District's ~~herein for two signatures are~~ for internal control purposes ~~only of the District.~~ The Bank is hereby authorized to honor and pay any ~~check and all checks~~ drafted and signed by ~~a manager or director, including those drawn or endorsed to the individual order of any~~ such authorized signer as set forth in this Policy.~~officer or other person authorized to sign the same.~~

~~21.6.4~~21.7.4 Effectiveness and Revocation:~~of this Policy:~~ The authority ~~hereby~~ conferred by this Section 21 shall remain in force until written notice of ~~the revocation hereof,~~ signed by the President of the Board or the General Manager on behalf of the District, has been received and ~~acknowledged~~officers of this District thereunto duly authorized by its governing body, shall have been accepted by an officer of the Bank at the branch where~~office at which~~ such account is maintained. ~~The Secretary's certification kept, and that the Certification of the Secretary of this District as to the signatures of~~ authorized signer~~the above-named persons~~ shall be binding on the District.

SECTION 22. PURCHASING OF EQUIPMENT AND SUPPLIES AND CONTRACTING FOR SERVICES

22.1 General Statement

State law governing procurement practices of the Goleta West Sanitary District (“District”) gives discretion to the Board of Directors (“Board”) to establish policies and regulations for purchasing supplies, services and equipment. This purchasing and contracting policy (“Policy”) is adopted in order to establish efficient procedures for the purchase of supplies and equipment, to secure supplies and equipment at the lowest possible cost commensurate with quality needed, to exercise positive financial control over purchases and to define authority for the purchasing and contracting function.

22.2 General Manager Authority

- 22.2.1 Personal Property: The General Manager is authorized, in his or her sole and absolute discretion, to (i) purchase or lease (“purchase”) materials, supplies, furnishings, equipment and other personal property (hereafter “equipment and supplies”) and (ii) contract for the provision of services to the District, provided such purchases and contracts are consistent with California law and the policies, rules and regulations of the District.
- 22.2.2 Equipment and Supply Contracts of \$75,000 or Less: The General Manager is authorized, in his or her sole and absolute discretion, to purchase equipment and supplies in an amount not to exceed Seventy Five Thousand Dollars (\$75,000), provided the purchase is at or below the amounts contained within the Board-approved budget. The General Manager is authorized, in his or her sole and absolute discretion, to purchase equipment and supplies in amounts exceeding Seventy Five Thousand Dollars (\$75,000) following approval by the Board of Directors, and in compliance with the bidding procedures set forth in Section 21.3.
- 22.2.3 Professional Service Contracts of \$75,000 or Less: The General Manager is authorized to execute contracts for professional services in an amount not to exceed Seventy Five Thousand Dollars (\$75,000), provided the purchase is for a District purpose, and at or below the amounts contained within the Board-approved budget. The General Manager is authorized but not required to solicit and evaluate requests for proposals and statements of qualifications prior to entering into a contract for such services. The General Manager is authorized to execute contracts in amounts exceeding Seventy Five Thousand Dollars (\$75,000) following approval by the Board of Directors.
- 22.2.4 General Manager Diligence: The General Manager shall exercise diligence in consolidating and scheduling orders. No order or requisition shall be broken into smaller units to evade any requirement of this Policy, except

that unrelated items may be separated to provide different lists to vendors dealing in different commodity classes.

22.2.5 Authorized Persons: For purposes of this section, the term “General Manager” shall include any person authorized in writing by the Board.

22.3 Bidding Regulations for Supplies and Equipment

22.3.1 General Policy: All purchases of supplies or equipment shall be through the Bidding Procedures as provided herein, subject to the following exceptions:

22.3.1.1 Cooperative Purchasing: The General Manager elects, in his or her sole and absolute discretion, to purchase supplies or equipment through the National Joint Powers Alliance (NJPA).

22.3.1.2 Emergency: An emergency requires that an order be placed with the nearest available source of supply.

22.3.1.3 Single Source: The General Manager determines, in his or her sole and absolute discretion, that the required supplies or equipment are available only from a single source, in which case the General Manager shall document the basis for that determination and proceed without soliciting bids.

22.3.1.4 Purchases Not Exceeding \$75,000: The purchase price does not exceed \$75,000, in which case the General Manager shall obtain a price quotation from a vendor through any means appropriate prior to completing the purchase.

22.3.1.5 Supplies for a Public Work: The purchase of supplies is for a “District Project” subject to Public Contract Code section 20800 et seq.³

22.3.2 Bidding Procedures: Purchases of supplies and equipment greater than \$75,000 shall be through the following process:

22.3.2.1 Notice Contents: The General Manager shall prepare a notice (“Notice”) inviting bids. The Notice shall include a general description of the article to be purchased and shall state where bid blanks and specifications may be secured and the time and place for opening bids.

³ The Public Contract Code defines a “District Project” as “any construction, reconstruction, alteration, enlargement, renewal, or replacement of sewer facilities which the [D]istrict is authorized to do, including, but not limited to, the furnishing of supplies or materials for any such work.”

- 22.3.2.2 Notice Distribution: The General Manager shall solicit bids by either: (i) publishing the Notice once in a newspaper of general circulation, printed and published within the boundaries of the District, at least 7 calendar days before the opening of the bids; or (ii) mailing, faxing, or emailing the Notice to at least three vendors, in addition to any vendors who have requested in writing that they be notified.
- 22.3.2.3 Bid Contents: The General Manager shall require that all bids and proposals (i) be in writing and (ii) be sealed in an envelope labeled according to the instructions in the Notice.
- 22.3.2.4 Bid Opening: The General Manager shall publicly open the bids at the District Office at the time and place stated in the Notice. The General Manager shall tabulate the bids.
- 22.3.2.5 Bid Evaluation and Acceptance: The General Manager has sole and absolute discretion to reject any bid due to non-compliance with the procedures set forth herein, to waive any irregularity in a bid, or to reject all bids and re-advertise.
- 22.3.2.6 Bid Award: The contract shall be awarded to the responsive bidder who submits the bid presenting the best value to the District. The General Manager shall make a recommendation to the Board regarding the bid award and the Board shall award the contract.
- 22.3.2.7 Tie Bids: If two or more bids received are of the same amount and are better value than the other bids received, the Board may select any one of the tied bids or direct the General Manager to undertake negotiations with the bidders.
- 22.3.2.8 No Responsive Bids: If no bids are received from responsible bidders, or if all bids received are either too high or non-responsive, the Board may complete the contemplated purchase without further bidding procedures.
- 22.3.2.9 Best Value Determination: The Board has sole and absolute discretion to make a determination of best value, based on the following elements, in addition to price:

- 22.3.2.9.1 That the products offered provide the quality, fitness, and capacity for the required usage;
- 22.3.2.9.2 That the bidder has the ability and capacity to deliver the equipment or supplies within the time required; and
- 22.3.2.9.3 That the bidder's experience(s) regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform the contract.

22.4 Encumbrance of Funds

Except in case of an emergency, the General Manager may not issue a purchase order for supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged.

22.5 Unauthorized Purchases

Any purchase made that is not in compliance with this Policy is void and not considered an obligation of the District.

22.6 Inspection and Testing

The General Manager shall have authority to inspect supplies and equipment delivered to determine their conformance with the specifications set forth in the order. The General Manager shall have authority to require chemical and physical tests of samples submitted with bids and samples of deliveries that are necessary to determine their quality and conformance with specifications.

22.7 Contracts for Professional Services

22.7.1 Definition: "Professional services" are services involving the provision of a report, study, plan, design, specification, document, program, advice, recommendation, analysis, review, opinion, inspection, investigation, audit, brokering or representation of the District before or in dealings with another party, or any other services which require a special skill or expertise of a professional, scientific or technical nature.

22.7.2 Requirements: All contracts for professional services shall be engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the District.

SECTION 23. DISPOSITION OF OBSOLETE PERSONAL PROPERTY

23.1 Definitions.

23.1.1 “General Manager” means the General Manager of the Goleta West Sanitary District or his or her authorized representative.

23.1.2 “Obsolete Personal Property” means any and all equipment, materials, supplies, vehicles, fixtures and other personal Property of the District which is obsolete, worn-out, scrap, surplus, or no longer useful to the District.

23.2 Authority to Dispose of Obsolete Personal Property.

23.2.1 Obsolete Personal Property Valued at less than \$2,500. The General Manager is authorized to dispose of Obsolete Personal Property that the General Manager determined has a value of less than \$2,500.

23.2.2 Obsolete Personal Property Valued at \$2,500 or More. The Board of Directors is authorized to dispose of Obsolete Personal Property that has a value of \$2,500 or more.

23.3 Methods of Disposition of Obsolete Personal Property.

23.3.1 Abandonment, destruction or donation. Obsolete Personal Property which has no commercial value or of which the estimated cost of continued care, handling, maintenance or storage would exceed the estimated proceeds of sale, may be abandoned, destroyed or donated. The determination to dispose of Obsolete Personal Property of no commercial value must be made in writing signed by the General Manager and countersigned by the District’s President.

23.3.2 Formal Bidding. Obsolete Personal Property may be offered for sale by formal, sealed bidding, in the manner provided by law.

23.3.3 Informal Price Quotations. Obsolete Personal Property with a value of less than \$2,500 may be offered for sale by means of informal telephone price quotations, in the manner provided by law.

23.3.4 Public Auction. Obsolete Personal Property may be sold at auction. When appropriate, an experienced auctioneer should be used to conduct the sale and assist in preparation of the sale.

23.3.5 Trade-ins. Obsolete Personal Property may be traded-in for credit to a vendor of new goods, provided one of the following conditions is met:

23.3.5.1 The General Manager determines that the trade-in value is equal to or exceeds the value estimated to be obtained by an auction of the Obsolete Personal Property, or

23.3.5.2 The General Manager determines that the trade-in value is equal to or exceeds the price offered by the lowest responsive and responsible bidder in the solicitation of bids.

23.3.6 Retail Sales. Obsolete Personal Property that has an estimated value of less than \$2,500 may be offered for sale to the public, either at advertised one- time sales, or by offering the personal property for sale in a joint venture with an established retail sales establishment, provided all of the following conditions are met:

23.3.6.1 The value and asking price for the goods are established at current market value of like goods in the market;

23.3.6.2 The goods are offered for sale openly to the general public; and

23.3.6.3 No licensed motor vehicle may be sold in this manner.

23.3.7 Transfer to a Public Agency or a Charitable, Civic or Non-profit Organization. The District may authorize the sale, lease or donation of Obsolete Personal Property to the federal government or one of its agencies; to the State of California; to any county, city, school district, special district; other governmental agency, or to any charitable, civic or non-profit organization. The price and terms of transfer must be established by the District, but may be made without advertisement for or receipt of bids.

23.4 Restrictions Applicable to Disposition of Personal Property

23.4.1 Government Grant Funds. Disposal of Obsolete Personal Property purchased with federal or state grant money is subject to the conditions of the grant.

23.4.2 Conflicts of Interest. District officers, employees and agents may not be purchasers at any sale, nor may they obtain or receive any District-owned personal property by any other means, while serving in their official capacity.

SECTION 24. ELECTRONIC SIGNATURE USE POLICY

24.1 Purpose

The Board of Directors (Board) of the Goleta West Sanitary District (GWSD or District) authorized the use of electronic signatures to facilitate efficient administration of the District consistent with applicable law through Resolution No. 25-836. The District seeks in this Electronic Signature Use Policy (Policy) to implement guidelines for the use and acceptance of electronic signatures to conduct official business of the District. This Policy allows, but does not require, the use of electronic signatures in lieu of manual or wet-ink signatures, when permitted by law, and establishes when an electronic signature may replace a manual or wet-ink signature.

24.2 Legal Background

24.2.1 California has adopted statutes to regulate the use of electronic signatures, including California Civil Code section 1633.1 et seq., commonly referred to as the “Uniform Electronic Transactions Act” (UETA), and California Government Code section 16.5. The California Secretary of State further adopted regulations governing the use of digital signatures by public entities in Sections 22000 through 22005 of Title 2 of the California Code of Regulations (Digital Signature Regulations). Federal law also provides for the use of electronic signatures for certain documents in the Electronic Signatures in Global and National Commerce Act (E-Sign Act).

24.2.2 This Policy is intended to comply entirely with applicable laws and regulations, including but not limited to, the aforementioned statutes and regulations. To the extent that provisions of this Policy conflict with applicable law, District staff, officials and agents are expected to comply with the requirements of the applicable laws and regulations. The District’s General Counsel is available to advise on compliance with applicable laws and regulations related to electronic signatures and this Policy.

24.3 Definitions

24.3.1 “Digital signature” means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as a manual or wet-ink signature in accordance with Government Code section 16.5. A digital signature is a type of “electronic signature.”

24.3.2 “Electronic record” means a record created, generated, sent, communicated, received, or stored by electronic means in accordance with Civil Code section 1633.2(g).

24.3.3 “Approved list of digital Certification Authorities” means the list of Certification Authorities approved by the California Secretary of State,

under applicable regulations, to issue certifications for digital signature transactions involving public entities in California.

24.3.4 “Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with intent to sign the electronic record in accordance with Civil Code section 1633.2(h). For this Policy, a digital signature is a type of electronic signature.

24.3.5 “General Manager” means the person holding the position of General Manager of the District or his or her designee.

24.3.6 “Transaction” means an action or set of actions occurring between two or more persons related to the conduct or affairs of the District.

24.4 General Policy Rules

24.4.1 California has adopted statutes to regulate the use of electronic signatures, including California Civil Code section 1633.1 et seq., commonly referred to as the “Uniform Electronic Transactions Act” (UETA), and California Government Code section 16.5. The California Secretary of State further adopted regulations governing the use of digital signatures by public entities in Sections 22000 through 22005 of Title 2 of the California Code of Regulations (Digital Signature Regulations). Federal law also provides for the use of electronic signatures for certain documents in the Electronic Signatures in Global and National Commerce Act (E-Sign Act). This Policy is intended to comply entirely with applicable laws and regulations, including but not limited to, the aforementioned statutes and regulations. To the extent that provisions of this Policy conflict with applicable law, District staff, officials and agents are expected to comply with the requirements of the applicable laws and regulations. The District’s General Counsel is available to advise on compliance with applicable laws and regulations related to electronic signatures and this Policy.

24.5 Definitions

24.5.1 “Approved list of digital Certification Authorities” means the list of Certification Authorities approved by the California Secretary of State, under applicable regulations, to issue certifications for digital signature transactions involving public entities in California. “Digital signature” means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as a manual or wet-ink signature in accordance with Government Code section 16.5. A digital signature is a type of “electronic signature.”

24.5.2 “Electronic record” means a record created, generated, sent, communicated, received, or stored by electronic means in accordance with Civil Code section 1633.2(g).

24.5.3 “Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with intent to sign the electronic record in accordance with Civil Code section 1633.2(h). For this Policy, a digital signature is a type of electronic signature.

24.5.4 “General Manager” means the person holding the position of General Manager of the District or his or her designee.

24.5.5 “Transaction” means an action or set of actions occurring between two or more persons related to the conduct or affairs of the District.

24.6 General Policy Rules

24.6.1 Compliance with Law; Policy. To the extent permitted by the law and this Policy, the General Manager may authorize the use of an electronic signature as legally binding.

24.6.2 Use Optional. The use or acceptance of electronic signatures shall be at the option of the non-District signatory. Nothing in this Policy shall require the District to use or permit the use of electronic signatures.

24.6.3 Consent Required. All parties that wish to use electronic signatures shall agree to follow this Policy, shall provide written or electronic consent as to the use of electronic signatures, and shall agree to indemnify the District against any liability associated with transmitting an electronic signature or an electronically signed record by electronic transmission. A party’s consent to this Policy may be kept on file with the District or may be included in the electronic record as evidence that the party signing has accepted this Policy.

24.6.4 Valid Signatures

1. Valid Electronic Signatures. When a signature is required, the parties may agree that an electronic signature satisfies said requirement if:

- i. The signature is in accordance with the requirements of the UETA;
- ii. The signature is created using an electronic signature technology that has been approved by the General Manager under this Policy; and
- iii. The signature is in accordance with any and all other applicable laws and regulations.

2. Valid Digital Signatures. Digital signatures shall have the same force and effect as a manual or ink signature if it has all the following attributes:

- i. It is unique to the person using it;
- ii. It is capable of verification;
- iii. It is under the sole control of the person using it;
- iv. It is linked to data in such a manner that the data are changed, the digital signature is invalidated;
- v. It conforms to the California Secretary of State's Digital Signature Regulations;
- vi. The Certification Authority for issuing the certification for the digital signature transactions appears on the "Approved List of Digital Signature Certification Authorities" authorized by the California Secretary of State under the Digital Signature Regulations; and
- vii. District staff have ensured that the level of security used to identify the signer of the electronic record is sufficient for the transaction being conducted, that the level of security used to transmit the signature is sufficient for the transaction being conducted, and that the certificate format used by the signed is sufficient for the security and interoperability needs of the District.

24.6.5 Documents for Which Electronic Signatures are Prohibited. Electronic signatures are prohibited for:

1. Transactions for which electronic signatures are unavailable as described in Civil Code section 1633.3;
2. Signatures that must be made in the presence of a notary public; and
3. Recorded documents unless otherwise allowed by the County where the document is recorded.

24.6.6 Design professionals Electronic Seals and Signatures. Design professionals, such as architects, geologists and engineers, that wish to use an electronic seal and signature may do so as allowed by the California Business and Professions Code. Non-design professionals may sign plans via use of any valid electronic signature technology that complies with the requirements of this Policy and applicable law.

- 24.6.7 Signature Use. Unless otherwise prohibited by Policy or applicable law, the General Manager may require the use of a electronic, digital or wet-ink signature at his or her discretion.
- 24.6.8 Further Acts. Nothing in this Policy shall prevent the General Manager from adopting additional guidelines or taking further actions to implement this Policy, including but not limited to selecting vendors and technology to implement secure procedures for electronic and digital signatures and adding other permissible forms and documents that may be signed by electronic signature to Section V of this Policy.
- 24.6.9 Sanctions. Any person that makes inappropriate, illegal, or fraudulent use of electronic signatures, digital signatures, or electronic records in violation of this Policy or of any applicable law or regulation is subject to sanctions up to and including dismissal, suspension, and criminal prosecution as specified in published District policies, and State and federal law, regardless of whether such sanctions are directly referenced in this Policy. All inappropriate, illegal, or fraudulent uses of any electronic means of transmission shall be prosecuted to the fullest extent permitted by law, including the recovery of attorneys' fees and administrative costs.
- 24.7 Classes of Documents Permitted by the General Manager for Electronic Signature
- 24.7.1 The following are classes of documents permitted for electronic signature and the District staff, official or agent that may use an electronic signature on behalf of the District. This list is not intended to be an exhaustive list, nor does it impose an electronic signature as a requirement for a particular transaction.
- 24.7.2 Contracts and Amendments by the appropriate representative of the District in accordance with its "Rules and Regulations Governing the Policy and Procedures for the Purchase of Services, Supplies or Equipment" or the Board's action authorizing the contract or amendment;
- 24.7.3 Grant Documents by the appropriate representative of the District as specified in the Grant Document or the Board's action approving the document;
- 24.7.4 Resolutions by the Chair or the Vice Chair of the Board in the absence of the Chair;
- 24.7.5 California Environmental Quality Act Documents, including but not limited to Environmental Impact Reports, Negative Declarations, Notices of Decisions and Notices of Exemptions, by the General Manager when authorized by the Board;
- 24.7.6 Invoices by the appropriate representative of the District;

24.7.7 Correspondence approved by the Board for signature by the Chair of the Board or by the General Manager

24.7.8 Other forms or documents as approved by the General Manager.

1.0 STATEMENT OF POLICY

The Goleta West Sanitary District (“District”) shall invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds, and that this policy shall be implemented by means of the following implementation provisions.

2.0 SCOPE

This Investment Policy applies to the District’s unrestricted, restricted or dedicated funds.

3.0 PRUDENCE

The standard of prudence to be used by the District’s investment officials shall be the “prudent investor” standard (California Government Code Section 53600.3). When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

4.0 OBJECTIVES

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

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investment of District funds shall be undertaken in a manner that seeks to ensure the preservation of principal. To attain this objective, the investments shall be diversified by sector and maturity.

4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

The District’s investment strategy will not prohibit the District from selling a security prior to its maturity and recording a gain or loss in order to improve the quality, liquidity,

or yield of the portfolio in response to market conditions or the District's needs. However, the District's philosophy prohibits speculation, i.e., the purchase of securities with the intent to profit from favorable changes in market prices or market conditions. Leveraging or borrowing money for the purpose of investing is specifically prohibited.

5.0 DELEGATION OF AUTHORITY

The Board hereby delegates its authority to invest funds of the District for a one-year period to the Treasurer, who shall thereafter assume full responsibility for the portfolio until the delegation expires or the authorization is revoked. For purposes on this Investment Policy, any reference to the Treasurer shall be interpreted to include the Vice Treasurer consistent with Section 21 of the District's Board Policy Handbook. Subject to review, the Board may renew the delegation of authority each year. The Treasurer may delegate the day-to-day management and transactions to a registered investment advisor, via written agreement with the District. The investment advisor shall make investment decisions and execute transactions in accordance with state law and this Policy.

6.0 ETHICS AND CONFLICTS OF INTEREST

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

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

If the District has engaged the services of a registered investment advisory firm, the firm is authorized to conduct investment transactions on the District's behalf with their own list of approved broker/dealers and financial institutions. The investment advisor's approved list must be made available to the District upon request.

For any investment transactions conducted by the Treasurer, the Treasurer shall comply with the following requirements:

- The Treasurer shall maintain a list of at least five authorized broker/dealers and financial institutions that are approved for investment purposes, and it shall be the policy of the District to purchase securities only from authorized institutions or firms.
- On a rotating basis among the authorized firms, the Treasurer shall obtain at least three offers, as reasonably comparable as possible, on each investment. Records of offers shall be retained during the period of time the District owns the investment. The record shall include an explanation if the lowest offer was not selected.

For any investment transactions conducted by the Treasurer, the District requires each firm that will be used to be evaluated by the Treasurer prior to any investments. The firms shall submit current financial statements and annual audited financial statements each year thereafter, which shall be evaluated by the Treasurer. At a minimum, the authorized firms must meet the following criteria:

- The institution must be financially sound.
- The institution must have been in business at least five years.
- The institution must provide proof of Financial Industry Regulatory Authority (FINRA) certification.
- The institution must show proof of state registration or exemption.
- The institution must provide a written acknowledgment of having received and read the District's Investment Policy and assert that it will only present to the District securities which the District is allowed by its Investment Policy to buy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

8.1. Authorized Investments. The District is empowered by California Government Code Section 53601 et seq. to invest in the following instruments, and the District hereby authorizes the Treasurer to invest in the following securities. Unless stated differently, the maximum maturity is five years from date of purchase. Investment in the securities of any non-governmental issuer shall be limited to 5% of the District's portfolio.

Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer will perform a timely review and decide whether to sell or hold the investment. Where this section specifies a percentage limitation for a particular security type, the percentage is measured on the date of purchase. If the percentage for a particular security exceeds the limitation due to withdrawals from the portfolio, no additional purchases of that security may be made until such a purchase will be in conformance with the Investment Policy.

- A. Bonds issued by Goleta West Sanitary District.
- B. United States Treasury Bills, Notes and Bonds.
- C. Registered state warrants or Treasury Notes or Bonds issued by the State of California or the other 49 states.
- D. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.
- E. Obligations issued by agencies or government-sponsored enterprises of the United States Government.
- F. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or

Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States (Government Code 53601(q)). Investments under this section shall be rated in a rating category of “AA” or its equivalent or better by nationally recognized statistical rating organization and shall not exceed 30% of the District’s surplus funds.

- G. Bankers Acceptances with a term not to exceed 180 days. Not more than 40% of surplus funds shall be invested in Bankers Acceptances and no more than 30% of surplus funds shall be invested in the Bankers Acceptances of any single commercial bank.
- H. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - (a) The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or higher, or the equivalent, by a nationally recognized statistical rating organization.
 - (b) The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally recognized statistical rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. A maximum of 25% of the District’s portfolio may be invested in this category.

- I. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal association, or by a federally-licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long term debt rated in the “A” category or higher, or the equivalent, by a nationally recognized statistical rating organization. A maximum of 30% of the District’s surplus funds may be invested in negotiable certificates of deposit.

- J. Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements shall be no less than 102% of market value. (See special limits in California Government Code Section 53601.i.)
- K. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. The District may invest in medium term corporate notes rated in a rating category of “A” or higher, or the equivalent, by a nationally recognized statistical rating organization. A maximum of 30% of the District’s portfolio may be invested in this category.
- L. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria:
- (a) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
- (b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
- A maximum of 20% of the District’s portfolio may be invested in this category.
- M. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.
- N. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category shall be rated in a rating category of “AA” or its equivalent or better by a nationally

recognized rating service. No more than 20% of surplus funds shall be invested in this category of securities.

O. State of California Local Agency Investment Fund (LAIF).

P. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

8.2 Prohibited Investments. Under the provisions of California Government Code Sections 53601.6, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity. Notwithstanding the prohibition in the preceding paragraph, the District may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The District may hold these instruments until their maturity dates.

9.0 MAXIMUM MATURITY

Maturities will be based on an analysis of the receipt of revenues and maturity of investments. Maturities will be scheduled to permit the District to meet all disbursement requirements. The District may not invest in a security whose maturity exceeds five years from the date of purchase unless the Board of Directors has provided approval for a specific purpose at least three months before the investment is made.

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the

District by book entry, physical delivery or by third party custodial agreement as required by California Government Code Section 53601.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of the loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

12.0 REPORTING

The Treasurer shall submit to each member of the District Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each investment, including funds managed for the District by third party contracted managers. The report shall also include the source of the portfolio valuation. If all funds are invested in LAIF, FDIC-insured accounts and/or in a county investment pool, the quarterly investment report may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and (2) the District will meet its expenditure obligations for the next six months the Treasurer shall maintain a complete and timely record of all investment transactions. If investment management authority has been delegated to a registered investment adviser, the Treasurer shall render a monthly report of investment transactions to the District Board of Directors.

13.0 INVESTMENT POLICY ADOPTION AND ANNUAL REVIEW

The Investment Policy shall be adopted by resolution. The Treasurer shall annually render to the Board a report concerning compliance with this Policy and recommendations, if any, concerning modifications to the Policy. Any modification to the Policy shall be approved by Resolution of the Board.