

**RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT  
REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**February 24, 2020 (6:30 p.m.)**

Visitor's / Depot Center  
6730 Front Street  
Rio Linda, CA 95673

*Our Mission is to provide a safe and reliable water supply in a cost-effective manner.*

**AGENDA**

The Board may discuss and take action on any item listed on this agenda, including items listed as information items. The Board may also listen to the other items that do not appear on this agenda, but the Board will not discuss or take action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. The Board may address any item(s) in any order as approved by the Board.

The public will be given the opportunity to directly address the Board on each listed item during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the District office at (916) 991-1000. Requests must be made as early as possible, and at least one full business day before the start of the meeting

**1. CALL TO ORDER, ROLL CALL and PLEDGE OF ALLEGIANCE**

**2. PUBLIC COMMENT**

*2.1. Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160).*

**3. CONSENT CALENDAR (Action items: Approve Consent Calendar Items)**

**3.1. Minutes**

January 27, 2020

*The Board is being asked to approve the Minutes from the January 27, 2020 Regular Board Meeting.*

**3.2. Expenditures**

*The Finance & Administrative Committee recommends the Board approve the December Expenditures.*

**3.3. Financial Reports**

*The Finance & Administrative Committee recommends the Board approve the December Financial Reports.*

#### **4. REGULAR CALENDAR**

##### **ITEMS FOR DISCUSSION AND ACTION**

#### **4.1 GM Report**

*4.1.1 The General Manager, Tim Shaw will provide his monthly report to the Board of Directors.*

#### **4.2 District Engineer's Report**

*4.2.1 The Contract District Engineer will provide his monthly report to the Board of Directors.*

#### **4.3 Consider adopting Resolution 2020-01, amending and restating the IRS 457b deferred compensation plan with Variable Annuity Life Insurance Company (VALIC).**

#### **4.4 Consider authorizing the execution of a Memorandum of Understanding by and between several specific neighboring water agencies to fund and participate in a study of the feasibility for collaboration among area water agencies.**

#### **4.5 Consider authorizing submittal of a letter to the Regional Water Authority (RWA) to express the District's concerns regarding the proposed expansion of RWA scope into federal affairs.**

#### **4.6 Consider nominating a District Board Member to serve on Sacramento County LAFCo Special Districts Advisory Committee.**

#### **4.7 Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.**

#### **5. INFORMATION ITEMS**

##### **5.1. District Activities Reports**

5.1.1. Water Operations Report

5.1.2. Conservation Report

5.1.3. GM Minor Budget Revision (2020-01)

##### **5.2. Board Member Reports**

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

5.2.2. Regional Water Authority – Gifford (primary), Shaw

5.2.3. Sacramento Groundwater Authority – Harris (primary), Reisig

5.2.4. Executive Committee – Jason Green, Robert Reisig

5.2.5. ACWA/JPIA – Ridilla

5.2.6. AD Hoc Committees

5.2.7. Other Reports

#### **6. PUBLIC COMMENT PRIOR TO CLOSED SESSION**

#### **7. CLOSED SESSION - The Board of Directors will meet in Closed Session to discuss the following item**

**7.1. CONFERENCE WITH LABOR NEGOTIATORS -** (Pursuant to Government Code Section 54957.6) District Negotiators, Shaw, RLECWD Employee General Unit, Teamster Local 150 Meet and Confer regarding position description revisions.

**8. RECONVENE IN OPEN SESSION**

**8.1.** Announce any reportable actions authorized in Closed Session.

**9. DIRECTORS' AND GENERAL MANAGER COMMENTS**

**9.1.** Date/Time and Location of March 2020 Executive Committee meeting.

**10. ADJOURNMENT**

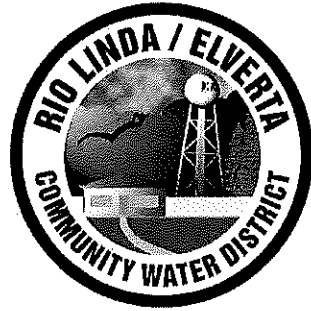
Upcoming meetings:

Executive Committee

March 2, 2020, Monday, 6:00pm Calvary Lutheran Church, Sanctuary Room, 515 L Street, Rio Linda, CA 95673

Regular Board Meeting

March 16, 2020, Monday, 6:30 pm at Visitor's /Depot Center, 6730 Front Street, Rio Linda, CA 95673.



**Consent Calendar  
Agenda Item: 3.1**

**Date:** February 24, 2020  
**Subject:** Minutes  
**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

N/A -Minutes of Board meetings are not reviewed by committees.

**Current Background and Justification:**

These minutes are to be reviewed and approved by the Board of Directors.

**Conclusion:**

I recommend the Board review and approve (as appropriate) the minutes of meetings provided with your Board packets.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_\_ Harris:\_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig\_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**MINUTES OF THE  
JANUARY 27, 2020  
BOARD OF DIRECTORS REGULAR MEETING  
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**1. CALL TO ORDER, ROLL CALL**

The January 27, 2020 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. at the Visitor’s Depot Center located at 6730 Front Street, Rio Linda, CA 95673. General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director John Ridilla, Director Chris Gifford, Director Robert Reisig, Director Mary Harris, and General Manager Tim Shaw were present. Legal Counsel Barbara Brenner was present. Director Reisig led the pledge of allegiance.

**2. PUBLIC COMMENT**

No Public Comment

**3. CONSENT CALENDAR**

**3.1 Minutes**

December 16, 2019

**3.2 Expenditures**

**3.3 Financial Reports**

No public comment.

*It was moved by Director Ridilla and seconded by Director Reisig to approve the Consent Calendar. Directors Green, Gifford, Reisig, Ridilla, and Harris voted yes. The motion carried with unanimous vote of 5-0-0.*

**REGULAR CALENDAR**

**4. ITEMS FOR DISCUSSION AND ACTION**

**4.1 Special District Leadership Foundation presentation to RLECWD, Transparency Certificate of Excellence. Dane Wadle, California Special Districts Association.**

Dane Wadle local liaison for CSDA, presented to the District for the third time the Transparency Certificate of Excellence for best management practices in public agency transparency.

*The Board made no action on this item*

**4.2. General Manager’s Report**

GM Shaw provided a written report.

No public comment.

*The Board made no action on this item*

**4.3 District Engineer’s Report – Mike Vasquez**

Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering, Well 16 Pumping Station Construction Project, Well 16 Proposition 84 RWA/DWR \$505 Grant Agreement.

No public comment on this item.

*The Board made no action on this item.*

#### **4.4 Consider adopting a new policy on Discontinuing Residential Service Due to Non-Payment.**

SB 998 was signed into law in September 2018, with an effective date for compliance by February 1, 2020. The legislature's intent was to minimize the number of Californians who lose access to drinking water due to inability to pay. SB 998 is codified in the California Health and Safety Code, and applies to virtually all types of water agencies, e.g. special districts, investor owned utilities, cities, counties, etc.

Complying with the requirements of SB 998 will increase the cost of providing service to all RLECWD customers. SB 998 will result in additional person-hours expended by staff and additional notices mailed, texted, phoned and hand-delivered. The proposed new Discontinuation of Water Services Policy strikes a balance of complying with all new requirements in the Health and Safety Code, while minimizing the costs for compliance to all RLECWD customers.

The draft Discontinuation of Residential Service for Non-Payment policy has been reviewed by Legal Counsel, with a follow up phone call to reach mutual agreement on the document provided for Board consideration.

No public comment.

*It was moved by Director Ridilla and seconded by Director Gifford to adopt the new policy on Discontinuing Residential Service Due to Non-Payment as written. Directors Reisig, Gifford, Green, Harris and Ridilla voted yes. The motion carried with unanimous vote of 5-0-0.*

#### **4.5 Discuss mid-year budget revision and/or General Manager minor budget revision and provide direction to staff.**

The budget to actual report with explanations included with your agenda packets illustrates that a GM minor budget revision is the appropriate method for the current circumstances. The adjustments needed are relatively minor, and the adjustments will not increase the overall spending approved at the Board's public hearing in August 2019.

No public comment.

*It was recommended by the Board to direct Staff to move forward with the General Managers minor budget revision and report back at the February meeting.*

#### **4.6 Discuss the requirements of SB 13 (Accessory Dwelling Units) and provide direction to staff.**

SB 13 was signed into law in October 2019. The legislator's intent is to help mitigate the current affordable housing crisis through promoting the feasibility and decreasing the overhead costs associated with constructing new ADUs. SB 13 makes many comprehensive changes to existing codes and statutes.

Included in the changes imparted by SB 13 are the stipulation requiring mandatory fire sprinkler systems in all new residential construction after January 1, 2011. SB-13 exempts this mandate for ADUs if the main dwelling units is not equipped with fire sprinklers.

Prior to the passage of SB 13, without the exemption in SB 13 for mandatory fire sprinklers, the District had no choice but to require new connections to the distribution system (and associated assessment of capacity fees) for all new construction. Language in SB 13 now stipulates the District "may" require new connections (and associated fees) for detached ADUs, but must NOT require such for attached ADUs, e.g. converting an attached garage into a dwelling unit.

Even if the District establishes a policy to be consistent with the spirit of SB 13 and allows detached ADUs to be constructed without requiring a new connection, tapping into an existing main dwelling unit supply may be infeasible from a minimum flowrate perspective, e.g. a 5/8 inch connection split will result in neither dwelling unit with usable flow. Additionally, the new termination of service and existing landlord - tenant statutes create a potential for awkward scenarios if/when the main dwelling unit fails to pay the water bill.

The January 6th Executive Committee discussion included whether or not the District could allow a 5/8-inch connection for smaller detached dwelling units without mandated fire protection sprinklers. The Executive Committee supports such accommodations.

No public comment.

***The Board made no action on this item.***

**4.7 Board to vote in the Sacramento County LAFCo run-off election for Alternate Commissioner.**

In November 2019, Sacramento County LAFCo held election to enable the special districts in Sacramento County to fill vacancies for the offices of Commissioner and Alternate Commissioner. The election process filled the Commissioner vacancy. However, the Alternate Commissioner election resulted in the need for a runoff election between three of the nominated candidates.

***It was moved by Director Reisig and seconded by Director Ridilla to nominate Charlea Moore as the Alternate Commissioner to LAFCo. Directors Green, Ridilla, Reisig, Harris and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.***

**4.8 Consider authorizing the award of a construction contract to the lowest responsive bidder on the Well 16 Pumping Station competitive bidding process.**

The District has been taking actions toward the goal of constructing the Well 16 Pumping Station for almost two years. More recently, the Board authorized the bid specifications and competitive bid process.

The Well 16 Pumping Station solicitation for bids was published on November 20<sup>th</sup>. The mandatory pre-bid meeting was held on December 10<sup>th</sup>. The public sealed bid opening was conducted on January 10<sup>th</sup>. Below are the results of the bidding process:

1. Anvil Builders, Inc. – \$2,691,400
2. Vinciguerra Construction, Inc. – \$2,842,000
3. T&S Construction Co., Inc. – \$2,993,000
4. JJM Engineering Constructors, Inc. – \$3,099,813
5. Conco-West, Inc. – \$3,124,700
6. Steve P. Rados, Inc. – \$3,187,000
7. TNT Industrial Contractors, Inc. - \$3,373,008

***It was moved by Director Harris and seconded by Director Ridilla to award the contract to Anvil Builders Inc. subject to legal review and direct staff to authorize the execution of all documents necessary to move forward. Directors Green, Ridilla, Reisig, Harris and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.***

**4.9 Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.**

No public comment on this item.

***No Board action on this item.***

**5. INFORMATION ITEMS**

**5.1. DISTRICT ACTIVITY REPORT**

1. Water Operations Report
2. Conservation Report

Director Reisig inquired if the graph colors could be different on the Operations Report graph.

**5.2. BOARD REPORTS**

1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065
2. Regional Water Authority –Gifford, Shaw – Agenda Provided.

**The Board requested the General Manager draft a letter to RWA and brought back to the next meeting.**

3. Sacramento Groundwater Authority – Harris, Reisig – No Meeting.
4. Executive Committee – Harris, Green - Minutes provided.
5. ACWA/JPIA – Ridilla - No Report
6. Ad Hoc Committee - None
7. Other Reports, e.g

**6. PUBLIC COMMENT PRIOR TO CLOSED SESSION** – No public comment.

**7.1 CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54957.6) District Negotiators, Shaw, RLECWD Employee General Unit, Teamster Local 150 Meet and Confer regarding position description revisions.

**8. RECONVENE IN OPEN SESSION** – The board reported out from closed session that the Board would form an ad hoc committee to negotiate the Forman position description.

**9. DIRECTORS' AND GENERAL MANAGER COMMENTS** –

No Directors comments.

**10. ADJOURNMENT**

President Jason Green adjourned the meeting at 7:40 p.m.

Respectfully submitted,

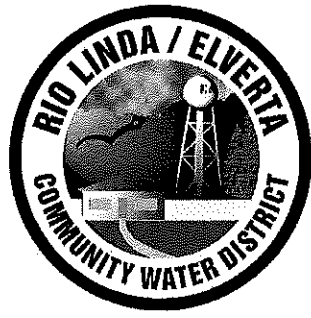
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Timothy R. Shaw, Secretary

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Jason Green, President of the Board





**Consent Calendar  
Agenda Item: 3.2**

**Date:** February 24, 2020

**Subject:** Expenditures

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee recommends approval of the Expenditures for the month of December 2019.

**Current Background and Justification:**

These expenditures have been completed since the last regular meeting of the Board of Directors.

**Conclusion:**

I recommend the Board approve the Expenditures for December 2019.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**Rio Linda Elverta Community Water District**  
**Expenditure Report**  
 December 2019

| Type            | Date       | Num  | Name                                 | Memo  | Amount    |
|-----------------|------------|------|--------------------------------------|---|-----------|
| Liability Check | 12/04/2019 | EFT  | QuickBooks Payroll Service           | For PP Ending 11/30/2019 Paydate 12/05/2019     | 17,547.09 |
| Liability Check | 12/05/2019 | EFT  | CalPERS                              | For PP Ending 11/30/2019 Paydate 12/05/2019     | 2,007.14  |
| Liability Check | 12/05/2019 | EFT  | CalPERS                              | For PP Ending 11/30/2019 Paydate 12/05/2019     | 1,854.09  |
| Liability Check | 12/05/2019 | EFT  | Nationwide                           | Deferred Compensation Plan                      | 1,360.34  |
| Liability Check | 12/05/2019 | EFT  | Nationwide                           | Deferred Compensation Plan                      | 75.00     |
| Bill Pmt -Check | 12/05/2019 | EFT  | Adept Solutions                      | Computer Maintenance                            | 1,333.00  |
| Bill Pmt -Check | 12/05/2019 | EFT  | Comcast                              | Phone/Internet                                  | 227.25    |
| Bill Pmt -Check | 12/05/2019 | EFT  | Republic Services                    | Utilities                                       | 87.43     |
| Liability Check | 12/05/2019 | EFT  | Internal Revenue Service             | Employment Taxes                                | 6,272.10  |
| Liability Check | 12/05/2019 | EFT  | Employment Development               | Employment Taxes                                | 1,218.66  |
| Bill Pmt -Check | 12/05/2019 | EFT  | Voyager Fleet Commander              | Transportation Fuel                             | 179.56    |
| Transfer        | 12/05/2019 | EFT  | RLECWD                               | Umpqua Bank Monthly Debt Service Transfer       | 16,500.00 |
| Check           | 12/05/2019 | 1057 | Franchise Tax Board                  | Employee Garnishment                            | 733.24    |
| Bill Pmt -Check | 12/05/2019 | 1058 | ACWA/JPIA                            | EAP   | 23.50     |
| Bill Pmt -Check | 12/05/2019 | 1059 | Buckmaster Office Solutions          | Office Equipment Expense                        | 77.49     |
| Bill Pmt -Check | 12/05/2019 | 1060 | Churchwell White                     | Legal Fees                                      | 1,565.20  |
| Bill Pmt -Check | 12/05/2019 | 1061 | ICONIX Waterworks                    | Distribution                                    | 1,552.47  |
| Bill Pmt -Check | 12/05/2019 | 1062 | Intermedia.net, Inc.                 | Phone/Internet                                  | 78.38     |
| Bill Pmt -Check | 12/05/2019 | 1063 | O'Reilly Automotive                  | Transportation Maintenance                      | 190.22    |
| Bill Pmt -Check | 12/05/2019 | 1064 | Pacific Shredding                    | Office Expense                                  | 27.00     |
| Bill Pmt -Check | 12/05/2019 | 1065 | RDO Equipment Co                     | Construction Equipment Maintenance              | 5,870.66  |
| Bill Pmt -Check | 12/05/2019 | 1066 | Rio Linda Hardware & Building Supply | Shop Supplies                                   | 360.06    |
| Bill Pmt -Check | 12/05/2019 | 1067 | Sierra Chemical Company              | Treatment                                       | 861.30    |
| Bill Pmt -Check | 12/05/2019 | 1068 | Staples                              | Office Expense                                  | 106.13    |
| Bill Pmt -Check | 12/05/2019 | 1069 | Vanguard Cleaning Systems            | Janitorial                                      | 195.00    |
| Liability Check | 12/16/2019 | EFT  | WageWorks                            | FSA Administration Fee                          | 76.25     |
| Check           | 12/17/2019 | EFT  | ARCO                                 | Transportation: Fuel                            | 641.53    |
| Liability Check | 12/17/2019 | EFT  | AFLAC                                | Employee Paid Insurance                         | 742.70    |
| Liability Check | 12/18/2019 | EFT  | QuickBooks Payroll Service           | For PP Ending 12/14/19 Pay date 12/19/19        | 18,370.67 |
| Liability Check | 12/19/2019 | EFT  | CalPERS                              | For PP Ending 12/14/19 Pay date 12/19/19        | 2,063.29  |
| Liability Check | 12/19/2019 | EFT  | CalPERS                              | For PP Ending 12/14/19 Pay date 12/19/19        | 1,970.34  |
| Liability Check | 12/19/2019 | EFT  | Internal Revenue Service             | Employment Taxes                                | 6,599.82  |
| Liability Check | 12/19/2019 | EFT  | Employment Development               | Employment Taxes                                | 1,340.86  |
| Liability Check | 12/19/2019 | EFT  | Nationwide                           | Deferred Compensation Plan                      | 1,366.39  |
| Liability Check | 12/19/2019 | EFT  | Nationwide                           | Deferred Compensation Plan                      | 75.00     |
| Liability Check | 12/19/2019 | EFT  | Kaiser Permanente                    | Health Insurance                                | 6,011.89  |
| Liability Check | 12/19/2019 | EFT  | Principal                            | Dental & Vision Insurance                       | 1,674.91  |
| Liability Check | 12/19/2019 | EFT  | Western Health Advantage             | Health Insurance                                | 10,415.37 |
| Bill Pmt -Check | 12/19/2019 | EFT  | Verizon                              | Field Communication                             | 454.40    |
| Check           | 12/19/2019 | EFT  | RLECWD - SURCHARGE ACCOUNT 1         | Current Monthly Transfer                        | 68,639.15 |
| Check           | 12/19/2019 | EFT  | RLECWD - SURCHARGE ACCOUNT 2         | Bi-monthly Transfer                             | 72,910.36 |
| Check           | 12/19/2019 | EFT  | RLECWD - Capital Improvement         | Current Monthly Transfer                        | 34,000.00 |
| Bill Pmt -Check | 12/19/2019 | EFT  | Umpqua Bank Credit Card              | Computer,Office, Postage, Safety, Shop Supplies | 449.51    |



**Rio Linda Elverta Community Water District  
Expenditure Report  
December 2019**

| Type  | Date       | Num  | Name                                | Memo                               | Amount            |
|---|------------|------|-------------------------------------|------------------------------------|-------------------|
| Liability Check                               | 12/19/2019 | 1070 | Teamsters Local #150                | Union Dues                         | 621.00            |
| Check   | 12/19/2019 | 1071 | Sacramento County Clerk             | Lien Fees                          | 64.00             |
| Check   | 12/19/2019 | 1072 | Customer                            | Final Bill Refund                  | 108.69            |
| Check   | 12/19/2019 | 1073 | Customer                            | Final Bill Refund                  | 5.09              |
| Check   | 12/19/2019 | 1074 | Customer                            | Final Bill Refund                  | 97.90             |
| Bill Pmt -Check                               | 12/19/2019 | 1075 | ABS Direct, Inc.                    | Printing & Postage                 | 5,663.17          |
| Bill Pmt -Check                               | 12/19/2019 | 1076 | BSK Associates                      | Lab Fees                           | 8,975.00          |
| Bill Pmt -Check                               | 12/19/2019 | 1077 | Continental Utility Solutions       | Maintenance Fees                   | 1,200.00          |
| Bill Pmt -Check                               | 12/19/2019 | 1078 | CoreLogic Solutions                 | Metro Scan                         | 134.75            |
| Bill Pmt -Check                               | 12/19/2019 | 1079 | Direct Hit Pest Control             | Building Maintenance               | 75.00             |
| Bill Pmt -Check                               | 12/19/2019 | 1080 | EKI Environment & Water             | Engineering                        | 5,000.00          |
| Bill Pmt -Check                               | 12/19/2019 | 1081 | Henrici, Mary                       | Retiree Insurance                  | 900.00            |
| Bill Pmt -Check                               | 12/19/2019 | 1082 | Intermedia.net                      | Telephone                          | 73.96             |
| Bill Pmt -Check                               | 12/19/2019 | 1083 | PG&E                                | Utilities                          | 73.63             |
| Bill Pmt -Check                               | 12/19/2019 | 1084 | RDO Equipment Co.                   | Construction Equipment Maintenance | 71.96             |
| Bill Pmt -Check                               | 12/19/2019 | 1085 | Rio Linda Elverta Recreation & Park | Meeting Expense                    | 50.00             |
| Bill Pmt -Check                               | 12/19/2019 | 1086 | Sacramento Metropolitan AQMD        | Permits & Fees                     | 6,651.00          |
| Bill Pmt -Check                               | 12/19/2019 | 1087 | Spok, Inc.                          | Field Communication                | 15.28             |
| Bill Pmt -Check                               | 12/19/2019 | 1088 | State Water Resources Control Board | Permits & Fees                     | 20,202.05         |
| Bill Pmt -Check                               | 12/19/2019 | 1089 | Unifirst Corporation                | Uniforms                           | 296.71            |
| Bill Pmt -Check                               | 12/19/2019 | 1090 | Domenichelli & Associates           | Capital Improvement: Well 16       | 74,530.55         |
| Bill Pmt -Check                               | 12/19/2019 | 1091 | SMUD                                | Capital Improvement: Well 16       | 5,000.00          |
| Bill Pmt -Check                               | 12/19/2019 | 1092 | The News                            | Capital Improvement: Well 16       | 711.00            |
| <b>Total 10000 - Bank - Operating Account</b> |            |      |                                     |                                    | <b>418,625.49</b> |

**Rio Linda Elverta Community Water District  
Expenditure Report  
December 2019**

| Type   | Date       | Num | Payee              | Memo  | Amount                  |
|--|------------|-----|--------------------|---|-------------------------|
| Transfer                                       | 12/30/2019 | EFT | RLECWD             | Reimburse Capital Improvement for Well 6 Expenditures                     | 81,413.80               |
| <b>10385 · OPUS Bank Checking</b>              |            |     |                    |   | <b><u>81,413.80</u></b> |
| Type   | Date       | Num | Payee              | Memo  | Amount                  |
| Transfer                                       | 12/19/2019 | EFT | RLECWD - Operating | CIP Expense Transfer: Refer to operating check numbers: 1090, 1091 & 1092 | 80,241.50               |
| <b>10475 · Capital Improvement-Umpqua Bank</b> |            |     |                    |   | <b><u>80,241.50</u></b> |





## Consent Calendar Agenda Item: 3.3

**Date:** February 24, 2020

**Subject:** Financial Reports

**Staff Contact:** Timothy R. Shaw, General Manager

### **Recommended Committee Action:**

The Executive Committee recommends approval of the Districts Financial Reports for the month of December 2019.

### **Current Background and Justification:**

The financial reports are for the District's balance sheet, profit and loss, and capital improvements year to date.

These financials are to be presented to the Board of Directors in order to inform them of the District's current financial condition.

### **Conclusion:**

I recommend the Board approve the Financial Reports for December 2019. I further recommend the board accept the Annual Report pursuant to Government Code 66013.

### **Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_  
Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**Rio Linda Elverta Community Water District**  
**Balance Sheet**  
 As of December 31, 2019



**ASSETS**

**Current Assets**

**Checking/Savings**

100 · Cash & Cash Equivalents

10000 · Operating Account

10020 · Operating Fund-Umpqua 687,994.92

**Total 10000 · Operating Account** 687,994.92

10475 · Capital Improvement

10480 · General 1,665,994.13

10485 · Vehicle Replacement Reserve 15,000.00

**Total 10450 · Capital Improvement** 1,680,994.13

**Total 100 · Cash & Cash Equivalents** 2,368,989.05

**102 · Restricted Assets**

102.1 · Restricted Capital Improvements

10700 · ZIONS Inv/Surcharge Reserve 511,512.22

**Total 102.1 · Restricted Capital Improvements** 511,512.22

102.2 · Restricted for Debt Service

10300 · Surcharge 1 Account 843,139.21

10325 · Community Business Bank 5,818.96

10350 · Umpqua Bank Debt Service 53,051.59

10380 · Surcharge 2 Account 271,693.76

10385 · OpusBank Checking 3,120,228.69

**Total 102.2 · Restricted for Debt Service** 4,293,932.21

102.4 · Restricted Other Purposes

10600 · LAIF Account 206,761.94

10650 · Operating Reserve Fund 301,253.42

**Total 102.4 · Restricted Other Purposes** 508,015.36

**Total 102 · Restricted Assets** 5,313,459.79

**Total Checking/Savings** 7,682,448.84

**Accounts Receivable** 120.00

**Other Current Assets**

12000 · Water Utility Receivable 100,347.86

12200 · Accrued Revenue 150,000.00

12250 · Accrued Interest Receivable 1,443.51

15000 · Inventory Asset 56,276.61

16000 · Prepaid Expense 67,267.20

**Total Other Current Assets** 375,335.18

**Total Current Assets** 8,057,904.02

**Fixed Assets**

17000 · General Plant Assets 727,153.00

17100 · Water System Facilities 20,760,310.67

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -9,282,773.19

18000 · Construction in Progress 1,313,099.20

18100 · Land 576,673.45

**Total Fixed Assets** 14,467,506.55

**Other Assets**

19000 · Deferred Outflows 262,764.00

19900 · Suspense Account 0.00

**Total Other Assets** 262,764.00

**TOTAL ASSETS** 22,788,174.57

**Rio Linda Elverta Community Water District**  
**Balance Sheet**  
 As of December 31, 2019

|   |                      |
|---|----------------------|
| <b>LIABILITIES &amp; EQUITY</b>         |                      |
| <b>Liabilities</b>                      |                      |
| <b>Current Liabilities</b>              |                      |
| Accounts Payable                        | 1,368.50             |
| Credit Cards                            | 1,149.03             |
| Other Current Liabilities               | 550,873.79           |
| <b>Total Current Liabilities</b>        | 553,391.32           |
| <b>Long Term Liabilities</b>            |                      |
| 23000 · OPEB Liability                  | 211,573.00           |
| 23500 · Lease Buy-Back                  | 705,797.27           |
| 25000 · Surcharge 1 Loan                | 4,189,831.90         |
| 25050 · Surcharge 2 Loan                | 3,210,040.16         |
| 26000 · Water Rev Refunding             | 1,952,591.00         |
| 27000 · Community Business Bank         | 294,204.88           |
| 29000 · Net Pension Liability           | 987,630.00           |
| 29500 · Deferred Inflows-Pension        | 5,192.00             |
| 29600 · Deferred Inflows-OPEB           | 26,811.00            |
| <b>Total Long Term Liabilities</b>      | 11,583,671.21        |
| <b>Total Liabilities</b>                | 12,137,062.53        |
| <b>Equity</b>                           |                      |
| 31500 · Invested in Capital Assets, Net | 7,681,067.46         |
| 32000 · Restricted for Debt Service     | 702,232.24           |
| 38000 · Unrestricted Equity             | 1,674,622.00         |
| Net Income                              | 593,190.34           |
| <b>Total Equity</b>                     | 10,651,112.04        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>   | <b>22,788,174.57</b> |

Accrual Basis

Rio Linda Elverta Community Water District  
 Operating Profit & Loss Budget Performance  
 As of December 31, 2019

|  | <u>Annual Budget</u> | <u>Dec 19</u>     | <u>Jul 19-Dec 19</u> | <u>% of Annual Budget</u> | <u>YTD Annual Budget Balance</u> |
|--|----------------------|-------------------|----------------------|---------------------------|----------------------------------|
| <b>Ordinary Income/Expense</b>             |                      |                   |                      |                           |                                  |
| <b>Income</b>                              |                      |                   |                      |                           |                                  |
| Total 40000 · Operating Revenue            | 2,714,575.00         | 156,978.65        | 1,335,356.36         | 49.19%                    | 1,379,218.64                     |
| 41000 · Nonoperating Revenue               |                      |                   |                      |                           |                                  |
| 41110 · Investment Revenue                 |                      |                   |                      |                           |                                  |
| 41112 · Interest Revenue                   | 400.00               | 149.50            | 1,487.87             | 371.97%                   | -1,087.87                        |
| Surcharge Total 41110 · Investment Revenue | 400.00               | 149.50            | 1,487.87             | 371.97%                   | -1,087.87                        |
| 41120 · Property Tax                       | 81,856.00            | 731.27            | 2,848.30             | 3.48%                     | 79,007.70                        |
| Total 41000 · Nonoperating Revenue         | 82,256.00            | 880.77            | 4,336.17             | 5.27%                     | 77,919.83                        |
| <b>Total Income</b>                        | <b>2,796,831.00</b>  | <b>157,859.42</b> | <b>1,339,692.53</b>  | <b>47.90%</b>             | <b>1,457,138.47</b>              |
| <b>Gross income</b>                        | <b>2,796,831.00</b>  | <b>157,859.42</b> | <b>1,339,692.53</b>  | <b>47.90%</b>             | <b>1,457,138.47</b>              |
| <b>Expense</b>                             |                      |                   |                      |                           |                                  |
| 60000 · Operating Expenses                 |                      |                   |                      |                           |                                  |
| 60010 · Professional Fees                  | 170,731.00           | 6,565.20          | 44,238.84            | 25.91%                    | 126,492.16                       |
| 60100 · Personnel Services                 |                      |                   |                      |                           |                                  |
| 60110 · Salaries & Wages                   | 711,238.00           | 54,299.92         | 322,739.97           | 45.38%                    | 388,498.03                       |
| 60150 · Employee Benefits & Expense        | 456,863.00           | 33,988.49         | 196,988.39           | 43.12%                    | 259,874.61                       |
| Total 60100 · Personnel Services           | 1,168,101.00         | 88,288.41         | 519,728.36           | 44.49%                    | 648,372.64                       |
| 60200 · Administration                     | 224,313.00           | 14,196.57         | 111,678.34           | 49.79%                    | 112,634.66                       |
| 64000 · Conservation                       | 300.00               | 0.00              | 0.00                 | 0.00%                     | 300.00                           |
| 65000 · Field Operations                   | 492,200.00           | 28,231.82         | 229,050.24           | 46.54%                    | 263,149.76                       |
| Total 60000 · Operating Expenses           | 2,055,645.00         | 137,282.00        | 904,695.78           | 44.01%                    | 1,150,949.22                     |
| 69000 · Non-Operating Expenses             |                      |                   |                      |                           |                                  |
| 69010 · Debt Service                       |                      |                   |                      |                           |                                  |
| 69100 · Revenue Bond                       |                      |                   |                      |                           |                                  |
| 69105 · Principle                          | 139,015.00           | 0.00              | 55,015.00            | 39.58%                    | 84,000.00                        |
| 69110 · Interest                           | 61,717.00            | 0.00              | 31,269.51            | 50.67%                    | 30,447.49                        |
| Total 69100 · Revenue Bond                 | 200,732.00           | 0.00              | 86,284.51            | 42.99%                    | 114,447.49                       |
| 69125 · AMI Meter Loan                     |                      |                   |                      |                           |                                  |
| 69130 · Principle                          | 48,281.00            | 0.00              | 23,954.67            | 49.62%                    | 24,326.33                        |
| 69135 · Interest                           | 10,233.00            | 0.00              | 5,302.29             | 51.82%                    | 4,930.71                         |
| Total 69125 · AMI Meter Loan               | 58,514.00            | 0.00              | 29,256.96            | 50.00%                    | 29,257.04                        |
| Total 69010 · Debt Service                 | 259,246.00           | 0.00              | 115,541.47           | 44.57%                    | 143,704.53                       |
| 69400 · Other Non-Operating Expense        | 2,000.00             | 3.14              | 0.00                 | 0.00%                     | 2,000.00                         |
| Total 69000 · Non-Operating Expenses       | 261,246.00           | 3.14              | 115,541.47           | 44.23%                    | 145,704.53                       |
| <b>Total Expense</b>                       | <b>2,316,891.00</b>  | <b>137,285.14</b> | <b>1,020,237.25</b>  | <b>44.04%</b>             | <b>1,296,653.75</b>              |
| <b>Net Ordinary Income</b>                 | <b>479,940.00</b>    | <b>20,574.28</b>  | <b>319,455.28</b>    |                           |                                  |
| <b>Net Income</b>                          | <b>479,940.00</b>    | <b>20,574.28</b>  | <b>319,455.28</b>    |                           |                                  |



Accrual Basis

**Rio Linda Elverta Community Water District**  
**CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2019-20**  
 As of December 31, 2019

|   | GENERAL                |                        | CHROMIUM MITIGATION & NEW WELLS |                        | VEHICLE REPLACEMENT |                     |
|---|------------------------|------------------------|---------------------------------|------------------------|---------------------|---------------------|
|   | Annual Budget          | YTD Actual             | Annual Budget                   | YTD Actual             | Annual Budget       | YTD Actual          |
| <b>BEGINNING FUND BALANCE</b>                 | <b>\$ 1,903,391.00</b> | <b>\$ 1,903,391.00</b> | <b>\$ (29,592.00)</b>           | <b>\$ (29,592.00)</b>  | <b>\$ 10,000.00</b> | <b>\$ 10,000.00</b> |
| <b>FUNDING SOURCES</b>                        |                        |                        |                                 |                        |                     |                     |
| Fund Transfers                                |                        |                        |                                 |                        |                     |                     |
| Operating Fund Transfers In                   | 409,940.00             | 204,000.00             | -                               | -                      | -                   | -                   |
| CIP Fund Intrafund Transfers                  | (5,000.00)             | (5,000.00)             | -                               | -                      | 5,000.00            | 5,000.00            |
| Surcharge 2 Surplus Repayment                 | -                      | -                      | 110,201.00                      | -                      | -                   | -                   |
| Contributed Funding                           |                        |                        |                                 |                        |                     |                     |
| Contributed Facilities (Developers)           | -                      | -                      | -                               | -                      | -                   | -                   |
| Grant Revenue                                 | -                      | -                      | 516,500.00                      | -                      | -                   | -                   |
| Loan Proceeds                                 | -                      | -                      | 2,033,500.00                    | -                      | -                   | -                   |
| Investment Revenue                            | 350.00                 | 2,951.43               | -                               | -                      | -                   | -                   |
| Sale of Fixed Assets                          | -                      | -                      | -                               | -                      | -                   | -                   |
| <b>TOTAL FUNDS AVAILABLE FOR CIP PROJECTS</b> | <b>2,308,681.00</b>    | <b>2,105,342.43</b>    | <b>2,630,609.00</b>             | <b>(29,592.00)</b>     | <b>15,000.00</b>    | <b>15,000.00</b>    |
| <b>PROJECTS</b>                               |                        |                        |                                 |                        |                     |                     |
| <b>A · WATER SUPPLY</b>                       |                        |                        |                                 |                        |                     |                     |
| A-1 · Well XX - Cr6 Treatment/Design          | -                      | -                      | 50,000.00                       | -                      | -                   | -                   |
| A-2 · Well 16                                 | -                      | -                      | 2,500,000.00                    | 81,413.80              | -                   | -                   |
| A-3 · Miscellaneous Pump Replacements         | 40,000.00              | -                      | -                               | -                      | -                   | -                   |
| <b>Total A · WATER SUPPLY</b>                 | <b>40,000.00</b>       | <b>-</b>               | <b>2,550,000.00</b>             | <b>81,413.80</b>       | <b>-</b>            | <b>-</b>            |
| <b>B · WATER DISTRIBUTION</b>                 |                        |                        |                                 |                        |                     |                     |
| B-1 · Service Replacements                    | 30,000.00              | -                      | -                               | -                      | -                   | -                   |
| B-2 · Large Meter Replacements                | 5,000.00               | -                      | -                               | -                      | -                   | -                   |
| <b>Total B · WATER DISTRIBUTION</b>           | <b>35,000.00</b>       | <b>-</b>               | <b>-</b>                        | <b>-</b>               | <b>-</b>            | <b>-</b>            |
| <b>C · CONTINGENCY</b>                        |                        |                        |                                 |                        |                     |                     |
| C-1 · Contingency (10% of Est A,B,& M)        | 7,500.00               | -                      | 255,000.00                      | -                      | -                   | -                   |
| <b>TOTAL BUDGETED PROJECT EXPENDITURES</b>    | <b>82,500.00</b>       | <b>-</b>               | <b>2,805,000.00</b>             | <b>81,413.80</b>       | <b>-</b>            | <b>-</b>            |
| <b>ENDING FUND BALANCE</b>                    | <b>\$ 2,226,181.00</b> | <b>\$ 2,105,342.43</b> | <b>\$ (174,391.00)</b>          | <b>\$ (111,005.80)</b> | <b>\$ 15,000.00</b> | <b>\$ 15,000.00</b> |

**Rio Linda Elverta Community Water District  
Capacity Revenue Profit & Loss Budget Performance  
October - December 2019**

10

|                                      | <u>Annual Budget</u> | <u>Oct-Dec 19<br/>Current<br/>QTR</u> | <u>Jul-Dec 19<br/>YTD</u> | <u>% of<br/>Annual<br/>Budget</u> | <u>YTD Annual<br/>Budget<br/>Balance</u> |
|--------------------------------------|----------------------|---------------------------------------|---------------------------|-----------------------------------|--|
| <b>Income</b>                        |                      |                                       |                           |                                   |  |
| <b>41000 · Non-Operating Revenue</b> |                      |                                       |                           |                                   |  |
| <b>41110 · Investment Revenue</b>    |                      |                                       |                           |                                   |  |
| <b>41112 · Interest Revenue</b>      | 500.00               | 1,266.55                              | 1,761.94                  | 352.39%                           | -1,261.94                                |
|                                      | <u>500.00</u>        | <u>1,266.55</u>                       | <u>1,761.94</u>           | <u>352.39%</u>                    | <u>-1,261.94</u>                         |
| <b>44100 · Capacity Fee Revenue</b>  | 40,000.00            | 0.00                                  | 82,148.01                 | 205.37%                           | -42,148.01                               |
| <b>Total Income</b>                  | <u>40,500.00</u>     | <u>1,266.55</u>                       | <u>83,909.95</u>          | <u>207.19%</u>                    | <u>-43,409.95</u>                        |
| <b>Gross Income</b>                  | <u>40,500.00</u>     | <u>1,266.55</u>                       | <u>83,909.95</u>          | 207.19%                           | -43,409.95                               |
| <b>Net Income</b>                    | <u>40,500.00</u>     | <u>1,266.55</u>                       | <u>83,909.95</u>          |                                   |  |

**Rio Linda Elverta Community Water District**  
**Surcharge 1 Profit & Loss Budget Performance**  
**October - December 2019**

|  | <u>Annual Budget</u> | <u>Oct-Dec 19<br/>Current QTR</u> | <u>Jul-Dec 19<br/>YTD</u> | <u>% of<br/>Annual<br/>Budget</u> | <u>YTD Annual<br/>Budget<br/>Balance</u> |
|--|----------------------|-----------------------------------|---------------------------|-----------------------------------|--|
| <b>Income</b>                          |                      |                                   |                           |                                   |  |
| <b>41000 · Non-Operating Revenue</b>   |                      |                                   |                           |                                   |  |
| <b>41110 · Investment Revenue</b>      |                      |                                   |                           |                                   |  |
| <b>41111 · Dividend Revenue</b>        | 1,200.00             | 305.15                            | 1,206.32                  | 100.53%                           | -6.32                                    |
| <b>41112 · Interest Revenue</b>        | 6,800.00             | 2,526.96                          | 5,566.69                  | 81.86%                            | 1,233.31                                 |
| <b>41113 · Market Value Adjustment</b> | 0.00                 | 378.23                            | 2,273.73                  | 100.0%                            | -2,273.73                                |
|  | <u>8,000.00</u>      | <u>3,210.34</u>                   | <u>9,046.74</u>           | <u>113.08%</u>                    | <u>-1,046.74</u>                         |
| <b>43010 · Surcharge 1 Revenue</b>     | 523,374.00           | 87,777.58                         | 203,421.95                | 38.87%                            | 319,952.05                               |
| <b>Total Income</b>                    | <u>531,374.00</u>    | <u>90,987.92</u>                  | <u>212,468.69</u>         | <u>39.99%</u>                     | <u>318,905.31</u>                        |
| <b>Gross Income</b>                    | 531,374.00           | 90,987.92                         | 212,468.69                | 39.99%                            | 318,905.31                               |
| <b>Expense</b>                         |                      |                                   |                           |                                   |  |
| <b>69150 · Surcharge 1 Loan</b>        |                      |                                   |                           |                                   |  |
| <b>69155 · Principle</b>               | 351,403.00           | 0.00                              | 0.00                      | 0.0%                              | 351,403.00                               |
| <b>69160 · Interest</b>                | 109,952.00           | 0.00                              | 0.00                      | 0.0%                              | 109,952.00                               |
| <b>69170 · Admin Fees</b>              | 2,100.00             | 553.73                            | 1,059.49                  | 50.45%                            | 1,040.51                                 |
| <b>Total 69150 · Surcharge 1 Loan</b>  | <u>463,455.00</u>    | <u>553.73</u>                     | <u>1,059.49</u>           | <u>0.23%</u>                      | <u>462,395.51</u>                        |
| <b>Total Expense</b>                   | <u>463,455.00</u>    | <u>553.73</u>                     | <u>1,059.49</u>           |                                   |  |
| <b>Net Income</b>                      | <u>67,919.00</u>     | <u>90,434.19</u>                  | <u>211,409.20</u>         |                                   |  |

Accrual Basis

**Rio Linda Elverta Community Water District  
Surcharge 2 Profit & Loss Budget Performance  
October - December 2019**

|                                       | <u>Annual Budget</u> | <u>Oct-Dec 19<br/>Current<br/>QTR</u> | <u>Jul-Dec 19<br/>YTD</u> | <u>% of<br/>Annual<br/>Budget</u> | <u>YTD Annual<br/>Budget<br/>Balance</u> |
|---------------------------------------|----------------------|---------------------------------------|---------------------------|-----------------------------------|--|
| <b>Income</b>                         |                      |                                       |                           |                                   |  |
| 41000 · Non-Operating Revenue         |                      |                                       |                           |                                   |  |
| 41110 · Investment Revenue            |                      |                                       |                           |                                   |  |
| 41112 · Interest Revenue              | 20.00                | 1,901.86                              | 2,107.18                  | 10,535.9%                         | -2,087.18                                |
|                                       | <u>20.00</u>         | <u>1,901.86</u>                       | <u>2,107.18</u>           | <u>10,535.9%</u>                  | <u>-2,087.18</u>                         |
| 43050 · Surcharge 2 Revenue           | 439,019.00           | 72,992.84                             | 169,160.34                | 38.53%                            | 269,858.66                               |
| <b>Total Income</b>                   | <u>439,039.00</u>    | <u>74,894.70</u>                      | <u>171,267.52</u>         | <u>39.01%</u>                     | <u>267,771.48</u>                        |
| <b>Gross Income</b>                   | 439,039.00           | 74,894.70                             | 171,267.52                | 39.01%                            | 267,771.48                               |
| <b>Expense</b>                        |                      |                                       |                           |                                   |  |
| 69175 · Surcharge 2 Loan              |                      |                                       |                           |                                   |  |
| 69180 · Principle                     | 210,000.00           | 0.00                                  | 105,000.00                | 50.0%                             | 105,000.00                               |
| 69185 · Interest                      | 118,818.00           | 0.00                                  | 9,389.24                  | 7.9%                              | 109,428.76                               |
| <b>Total 69175 · Surcharge 2 Loan</b> | <u>328,818.00</u>    | <u>0.00</u>                           | <u>114,389.24</u>         | <u>34.79%</u>                     | <u>214,428.76</u>                        |
| <b>Total Expense</b>                  | <u>328,818.00</u>    | <u>0.00</u>                           | <u>114,389.24</u>         |                                   |  |
| <b>Net Income</b>                     | <u>110,221.00</u>    | <u>74,894.70</u>                      | <u>56,878.28</u>          |                                   |  |



Market Value Summary:

|                                    | QTD<br>Current Period | Fiscal<br>Year to Date |
|------------------------------------|-----------------------|------------------------|
| Beginning Balance                  | \$16,779.55           | \$16,461.38            |
| Contribution                       | 0.00                  | 0.00                   |
| Disbursement                       | 0.00                  | 0.00                   |
| Transfer In                        | 0.00                  | 0.00                   |
| Transfer Out                       | 0.00                  | 0.00                   |
| Investment Earnings                | 649.31                | 971.13                 |
| Administrative Expenses            | (1.99)                | (3.96)                 |
| Investment Expense                 | (1.69)                | (3.37)                 |
| Other                              | 0.00                  | 0.00                   |
| Ending Balance                     | \$17,425.18           | \$17,425.18            |
| FY End Contrib per GASB 74 Para 22 | 0.00                  | 0.00                   |
| FY End Disbursement Accrual        | 0.00                  | 0.00                   |
| Grand Total                        | \$17,425.18           | \$17,425.18            |

Unit Value Summary:

|                                   | QTD<br>Current Period | Fiscal<br>Year to Date |
|-----------------------------------|-----------------------|------------------------|
| Beginning Units                   | 957.468               | 957.468                |
| Unit Purchases from Contributions | 0.000                 | 0.000                  |
| Unit Sales for Withdrawals        | 0.000                 | 0.000                  |
| Unit Transfer In                  | 0.000                 | 0.000                  |
| Unit Transfer Out                 | 0.000                 | 0.000                  |
| Ending Units                      | 957.468               | 957.468                |
| Period Beginning Unit Value       | 17.525001             | 17.192611              |
| Period Ending Unit Value          | 18.199360             | 18.199360              |

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 12/31/2019

Rio Linda Elverta Community Water District

Entity #: SKB7-3301590511-001



| Date | Description | Amount | Unit Value | Units | Check/Wire | Notes |
|------|-------------|--------|------------|-------|------------|-------|
|------|-------------|--------|------------|-------|------------|-------|

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Client Contact:  
CERBT4U@CalPERS.ca.gov



**CALIFORNIA STATE TREASURER  
FIONA MA, CPA**



**PMIA Performance Report**

| Date     | Daily Yield* | Quarter to Date Yield | Average Maturity (in days) |
|----------|--------------|-----------------------|----------------------------|
| 11/30/19 | 2.07         | 2.15                  | 218                        |
| 12/01/19 | 2.07         | 2.15                  | 217                        |
| 12/02/19 | 2.07         | 2.15                  | 219                        |
| 12/03/19 | 2.07         | 2.14                  | 218                        |
| 12/04/19 | 2.07         | 2.14                  | 218                        |
| 12/05/19 | 2.06         | 2.14                  | 219                        |
| 12/06/19 | 2.06         | 2.14                  | 221                        |
| 12/07/19 | 2.06         | 2.14                  | 221                        |
| 12/08/19 | 2.06         | 2.14                  | 221                        |
| 12/09/19 | 2.06         | 2.14                  | 223                        |
| 12/10/19 | 2.06         | 2.14                  | 224                        |
| 12/11/19 | 2.05         | 2.13                  | 225                        |
| 12/12/19 | 2.05         | 2.13                  | 228                        |
| 12/13/19 | 2.04         | 2.13                  | 227                        |
| 12/14/19 | 2.04         | 2.13                  | 227                        |
| 12/15/19 | 2.04         | 2.13                  | 227                        |
| 12/16/19 | 2.04         | 2.13                  | 226                        |
| 12/17/19 | 2.04         | 2.13                  | 226                        |
| 12/18/19 | 2.04         | 2.13                  | 227                        |
| 12/19/19 | 2.04         | 2.13                  | 226                        |
| 12/20/19 | 2.03         | 2.12                  | 224                        |
| 12/21/19 | 2.03         | 2.12                  | 224                        |
| 12/22/19 | 2.03         | 2.12                  | 224                        |
| 12/23/19 | 2.03         | 2.12                  | 222                        |
| 12/24/19 | 2.03         | 2.12                  | 225                        |
| 12/25/19 | 2.03         | 2.12                  | 225                        |
| 12/26/19 | 2.03         | 2.12                  | 224                        |
| 12/27/19 | 2.03         | 2.12                  | 227                        |
| 12/28/19 | 2.03         | 2.12                  | 227                        |
| 12/29/19 | 2.03         | 2.12                  | 227                        |
| 12/30/19 | 2.03         | 2.11                  | 224                        |

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

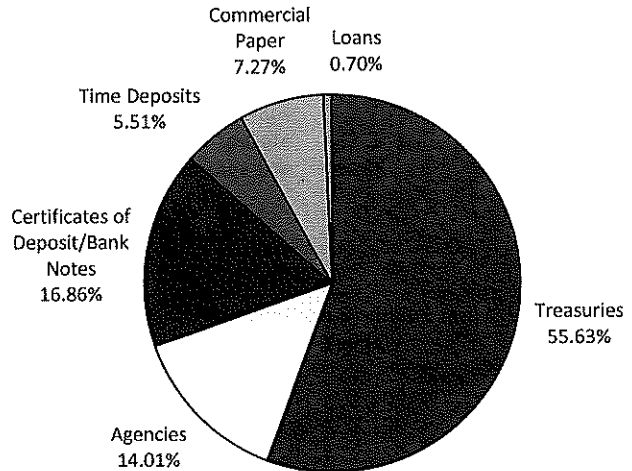
**Quarter Ending 09/30/19**

Apportionment Rate: 2.45  
 Earnings Ratio: .00006701807521016  
 Fair Value Factor: 1.001642817  
 Daily: 2.25%  
 Quarter to Date: 2.34%  
 Average Life: 185

**PMIA Average Monthly Effective Yields**

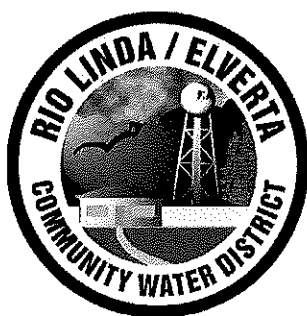
Nov 2019 2.103  
 Oct 2019 2.190  
 Sep 2019 2.280

**Pooled Money Investment Account  
Portfolio Composition  
11/30/19  
\$86.9 billion**



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).  
 Based on data available as of 01/02/2020



**Items for Discussion and Action  
Agenda Item: 4.1**

**Date:** February 24, 2020  
**Subject:** General Manager's Report  
**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A this item is not reviewed by committee.

**Current Background and Justification:**

The General Manager will provide a written report of District activities over the period since the last regular Board meeting. The Board may ask for clarifications and may also provide direction in consideration of the reported activities.

**Conclusion:**

No Board action is anticipated for this item.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



## RLECWD Agenda Item Checklist

### Item 4.1

Date

**Initial Potential Meeting Date**

2/24/2020

Circle High/Medium/Low priority of Item and Identify if in line with Mission/  
Goal/Strategic Planning issues or state of emergency

### General Managers Report

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2/20/2020

**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

**Committee Review of Item and Staff Work**

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

**Formal Legal Counsel Review**

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

**GM Review**

2/20/2020

**Actual Meeting Date Set for Agenda Item**

2/24/2020



**Date:** February 24, 2020

**Subject:** **General Manager Report**

**Staff Contact:** Timothy R. Shaw, General Manager

For the given month, I participated in the following reoccurring meetings and special events: The District incurred two vacancies this month. Both departing employees were Distribution Operator 3 employees, i.e. a substantive operations division void. Although the departures were unrelated, the vacancies and the operational capabilities leading up to the departures have significantly impacted the District's capacity for completing tasks. One example is the backlog of 12-years old, radio-read, water meter replacements. The District has already published employment vacancy notices, will soon suspend the 9/80 alternative work schedule for operations, and is exploring the feasibility for temporary labor to augment the District's effort to catch up on meter replacements.

1. On Jan 28<sup>th</sup> (morning) I participated in a meeting with the RWA strategic planning consultant. The consultant already was provided a copy of the District's strategic planning questionnaire responses, and the consultant was seeking additional feedback, expansion etc.
2. On Jan 28<sup>th</sup> (afternoon) I Met RWA Executive Director. Jim Peifer. Jim requested a meeting after reading the District's strategic planning questionnaire responses. Jim is pressing (understatement) to get support from all RWA member agency on the contemplated expansion of RWA into federal affairs and voluntary agreements (impacting surface water rights and minimum outflows from water storage reservoirs, e.g. Folsom). The District's most fundamental objection for RWA expansion, including increasing the number of full-time, benefited RWA employees, is the corresponding increases in member agency dues.
3. On Feb 3rd, Staff met at the District office with Brian Bain of VALIC. Brian's presentation included the level of service differences at VALIC compared to our existing IRS 457 deferred compensation administrator and the significant difference in fees charged by VALIC. In subsequent independent survey the employees unanimously indicated their preference to terminate Nationwide and transition to VALIC.
4. On Feb 6<sup>th</sup> (morning) I notified the Board President of an employee termination.
5. On Feb 6<sup>th</sup> (afternoon) I notified the Board President of an employee resignation, which was unrelated to the termination earlier in the day.

6. On Feb 10<sup>th</sup>, I met with Brian Bain of VALIC one-on-one to explore the logistics of amending and restating the currently active VALIC 457 Deferred Compensation Plan (2003), our discussions included the process of transitioning District participants (employees) investments from Nationwide to VALIC.
7. On Feb 11<sup>th</sup> I coordinated with the Board President to post a clarification on the District's Facebook Page regarding the backlog of meter replacements and the corresponding overuse of consumption estimating.
8. On Feb 19<sup>th</sup>, I met with the Ops Foreman Compensation Ad Hoc Committee. The Committee provided direction/recommendations to be shared with the Board in the closed session negotiations item on the February 24<sup>th</sup> Board agenda.

I have also been working closely with the Contract District Engineer on execution of the construction contract with Anvil Builders and all appurtenant documents. Also, the Operations Superintendent and I have been engaged in discussion on managing the impacts of the critically low staffing caused by departing employees.



**Items for Discussion and Action  
Agenda Item: 4.2**

**Date:** February 24, 2020  
**Subject:** District Engineer's Report  
**Staff Contact:** Mike Vasquez, District Engineer

**Recommended Committee Action:**

N/A this item is not discussed at committees.

**Current Background and Justification:**

The District Engineer will provide a written report to the Board of Directors on engineering activities since the previous monthly meeting. The Board may ask for clarifications and may also provide direction in response to the report.

**Conclusion:**

There is no Board action anticipated for this item.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green\_\_\_\_ Gifford\_\_\_\_ Reisig\_\_\_\_.  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

## RLECWD Agenda Item Checklist

### Item 4.2

Date

**Initial Potential Meeting Date**

2/24/2020

Circle High/Medium/Low priority of Item and Identify if in line with Mission/  
Goal/Strategic Planning issues or state of emergency

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**District Engineers Report**

2/19/2020

**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

**Committee Review of Item and Staff Work**

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

**Formal Legal Counsel Review**

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

**GM Review**

2/20/2020

**Actual Meeting Date Set for Agenda Item**

2/24/2020

19 February 2020

**DISTRICT ENGINEER'S REPORT**

**To:** Tim Shaw, General Manager, Rio Linda / Elverta Community Water District

**From:** Mike Vasquez, PE, PLS, Principal (EKI), District Engineer (RL/ECWD)

**Subject:** **District Engineer's Report for the 24 February 2020 Board of Directors Meeting (EKI Project No. B80130.00)**

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 23 January 2020 to 19 February 2020:

**1. General District Engineering:**

- Updated the Capital Improvement Project list pursuant to discussions with the Operations Superintendent and will present it at the 3/2/2020 Executive Committee Meeting.
- Discussed the Electric Avenue development with the Operations Superintendent and provided comments on 2/13/2020. The developer requested modifications to the water main alignment.

**2. Well 16 Pump Station Construction Project:**

- Compiled the construction contract (211 pages) including comments from District Counsel and awarded the contract to Anvil Builders, Inc. pursuant to the direction received from the District Board of Directors on 1/27/2020. Reviewed with the General Manager.
- Received the signed contract back from Anvil Builders, Inc. on 2/19/2020.
- Anticipate receiving payment and performance bonds along with insurance documents from Anvil Builders, Inc. the week 2/24/2020.
- Anticipate issuing the Notice to Proceed to Anvil Builders, Inc. the week of 3/2/2020 and conducting a pre-construction meeting the same week. This will formally initiate construction and commence the construction schedule.
- Coordinated with the design engineer Domenichelli & Associates to receive and review a list of contractor submittals anticipated during construction.
- Reviewed conformed set of project plans and specifications that included all comments and answers to contractor questions from the bidding period.

**3. Well 16 Proposition 84 RWA/DWR \$505K Grant Agreement:**

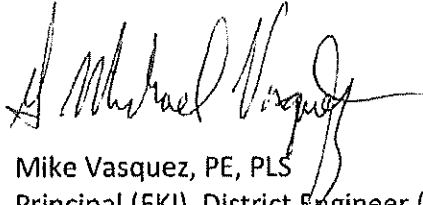
- Compiled and began working on an extensive list of grant deliverable documents required by DWR as part of the funding agreement issued to the District.

Tim Shaw, General Manager, RL/ECWD  
District Engineer's Report  
19 February 2020  
Page 2 of 2

Please contact me directly at the office (916) 905-2388, cell phone (530) 682-9597, or email at [mvasquez@ekiconsult.com](mailto:mvasquez@ekiconsult.com) with any questions or require additional information.

Very truly yours,

**EKI ENVIRONMENT & WATER, INC.**

A handwritten signature in black ink, appearing to read "Mike Vasquez", written over a faint, larger version of the same signature.

Mike Vasquez, PE, PLS  
Principal (EKI), District Engineer (RL/ECWD)



## Items for Discussion and Action

### Agenda Item: 4.3

**Date:** February 24, 2020

**Subject:** Resolution 2020-01, Changes to Employees' IRS 457 Deferred Compensation Plan

**Staff Contact:** Timothy R. Shaw, General Manager

#### **Recommended Committee Action:**

This item was not discussed at committee. The issues motivating the need to consider deferred comp. plan changes were discovered after the Executive Committee met in February.

#### **Current Background and Justification:**

The District has no financial stake in the deferred compensation plan. This is a defined contribution retirement supplement funded exclusively with the employees' money. The District is merely the plan sponsor. Accordingly, the employees' preferences and concerns should be heavily weighted when contemplating the need for changes to the plan, up to and including the designated plan administrator.

The District's current IRS 457 deferred compensation plan administrator is Nationwide via and plan agreement signed by the General Manager in 2013. All currently participating active employees have their funds invested through the Nationwide plan. Until recently, the General Manager and all the current employees believed that Nationwide was the only plan administrator with an active plan agreement in place. While researching options and logistics to changing the plan administrator, I discovered that the 2003 VALIC 457 plan is remains as a non-terminated plan.

A VALIC 457 Plan representative recently met with all the employees. Among other things, the meeting shed light on the variability among plan administrators (e.g. Nationwide, VALIC, Mass Mutual) on fees and charges and their impact on the overall net gains for investments. For example: the one District employee account has only approximately \$100 more than the total amount of contributions since the start of contributions two years ago. The Nationwide fund the employee selected has yielded a 24% gain, but the excessive Nationwide fees have consumed a large portion of the gains. Further, the Nationwide fee structure is deceptive. (see the supporting documents concerning suits against Nationwide).



It is in the best interest of the District to support employee benefits that increase the employees' job satisfaction and encourage retention of personnel. Accordingly, the District should not be indifferent to an issue than may be more of a distraction than a benefit, regardless of the absence of financial consequence to the District.

**Conclusion:**

I recommend the Board adopt Resolution 2020-01 to amend and restate the VALIC IRS 457 deferred compensation plan.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_\_ Harris:\_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford\_\_\_\_\_ Reisig\_\_\_\_\_.

**(A) Yea (N) Nay (Ab) Abstain (Abs) Absent**

## RLECWD Agenda Item Checklist

### Item 4.3

Date

**Initial Potential Meeting Date**

2/24/2020

Circle High/Medium/Low priority of Item and Identify if in line with Mission/  
Goal/Strategic Planning issues or state of emergency

Resolution 2020-01, Changes to Employees' IRS 457 Deferred Compensation Plan

2/19/2020

**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

**Committee Review of Item and Staff Work**

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

**Formal Legal Counsel Review**

2/18/2020

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

**GM Review**

2/20/2020

**Actual Meeting Date Set for Agenda Item**

2/24/2020

**RESOLUTION NO. 2020-01**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIO LINDA/ ELVERTA  
COMMUNITY WATER DISTRICT TO AMEND AND RESTATE THE 457  
DEFERRED COMPENSATION PLAN, AUTHORIZE INDIVIDUALS TO ACT ON  
BEHALF OF THE PLAN AND TERMINATE THE CURRENT ADMINISTRATION  
AGREEMENT WITH NATIONWIDE**

*WHEREAS*, the District adopted Resolution No. 2005-14, which amended Resolution No. 2003-01 under the authority of the its Board of Directors pursuant to Section 457(b) of the Internal Revenue Code a 457 Deferred Compensation Plan (“Plan”) with VALIC Financial Advisors, Inc for nondiscretionary administrative services, including recordkeeping, contribution allocation services and Plan maintenance service; and

*WHEREAS*, an additionally 457 Deferred Compensation Plan administration agreement with Nationwide was executed in December 2014; and

*WHEREAS*, the District desires to amend the Plan and authorize the General Manager to act on behalf of the Plan; and

*WHEREAS*, the District desires to eliminate Nationwide Retirement Solutions, as authorized plan administrator and allow employee investments in Nationwide to be transferred to the VALIC administrated accounts for the employees.

***NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:***

1. The VALIC Plan Amendment attached hereto as Exhibit A shall take effect immediately following the adoption of this resolution.
2. The Board of Directors hereby authorizes the General Manager to execute and deliver to the Administrator of the Plan such documents as may be necessary or desirable in order to carry out the intent of the forgoing resolution and required under the Plan to make the Plan fully effective in accordance with its terms and intent.
3. The District Designates the General Manager, Timothy R. Shaw as the District’s signatory as described in Exhibit A.
4. In the event of a change in the office of General Manager, and/or the unavailability of the General Manager, the District designates the person holding the office of President of the District Board of Directors as the alternative signatory.

***APPROVED AND ADOPTED*** by the Board of Directors of the Rio Linda / Elverta Community Water District on this 24th day of February 2020. By the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

ATTEST:

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Jason Green  
President, Board of Directors

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Timothy R. Shaw  
Secretary of the Board of Directors

DRAFT

# Exhibit A

to

Resolution 2020-01

Agenda Item 4.3

23

## **SPECIMEN SECTION 457(b) DEFERRED COMPENSATION PLAN GOVERNMENTAL EMPLOYERS**

This specimen plan document (which includes both an Adoption Agreement and a Basic Plan Document) is intended to meet the requirements of an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, that is sponsored by a governmental employer, as defined thereunder. This document has not been approved by the Internal Revenue Service and is provided for consideration by the employer and its legal counsel. Modifications may be required depending on the specific facts and circumstances of the employer, including any applicable state or local laws, rules or regulations regarding deferred compensation or retirement benefits for governmental employees. The Variable Annuity Life Insurance Company (VALIC) cannot and does not provide legal or tax advice.

**ADOPTION AGREEMENT**  
**SECTION 457(b) DEFERRED COMPENSATION PLAN**  
**(Governmental)**

The undersigned employer hereby adopts or restates, as applicable, this Plan. This Plan shall comprise both (1) this Adoption Agreement and (2) the Basic Plan Document. Article and section references in this Adoption Agreement refer to articles and sections of the Basic Plan Document unless otherwise indicated.

Employer Name: \_\_\_\_\_

Employer Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Plan Name: \_\_\_\_\_

1. Plan Effective Date. ("Effective Date.") (Check one.)

This Plan is being established by the Employer as a new Plan, effective \_\_\_\_\_, \_\_\_\_\_.

This Plan amends and restates the Plan previously established by the Employer and is effective \_\_\_\_\_, \_\_\_\_\_. The Plan was originally established by the Employer effective \_\_\_\_\_, \_\_\_\_\_.

2. Eligible Employees. (Check one.)

All Employees shall be eligible to participate.

The Employer, in its sole discretion, shall determine each Plan Year which Employees shall be eligible to participate in the Plan.

All Employees shall be eligible to participate except the following Employees (specify which Employees shall not be allowed to participate in the Plan):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Roth Contributions. (Check one.)

Designated Roth Contributions are not permitted, and Section 4.10 shall not apply to this Plan.

Participants may make Designated Roth Contributions (as described in Section 4.10) in lieu of or in addition to pre-tax Elective Deferral Contributions, effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting Designated Roth Contributions).

4. Employer Contributions. (Check one.) Note: Employer Contributions are combined with Elective Deferral Contributions and Designated Roth Contributions in applying the contribution limits described in Section 2.18.

There shall be no Employer Contributions under this Plan.

Discretionary Employer Contribution. The Employer may, in its absolute discretion, make an Employer Contribution to the Plan, and may determine, in its absolute discretion, how any such Employer Contribution shall be allocated among Plan Participants. This Discretionary Employer Contribution may be a matching or non-matching contribution.

FICA Opt-out Contribution. As described in Section 4.11, the Employer shall make FICA Opt-out Contributions (contributions other than Elective Deferral Contributions or Designated Roth Contributions) on behalf of the following Employees in lieu of paying/withholding FICA taxes for such Employees and in the amounts indicated below (check applicable box and fill in blanks for required contribution percentages):

All Employees

Part-time, seasonal and temporary Employees only

Other (indicate which Employees shall be eligible for the FICA Opt-out Contributions):

\_\_\_\_\_  
\_\_\_\_\_

The required FICA Opt-out Contribution shall consist of the following types of contributions (which must total 7.5% or more of the Participant's Compensation):

- Employer Contribution = \_\_\_\_\_% of Compensation
- Mandatory Employee Contribution = \_\_\_\_\_% of Compensation
- Other: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

5. Loans. (Check one.)

- Yes, loans are allowed and Article IX shall apply to this Plan.
- No, loans are not allowed and Article IX shall not apply to this Plan.

6. Unforeseeable Emergency Withdrawals. (Check one.)

- Yes. Withdrawals under Section 6.08 shall be available under this Plan. (Check one.)
  - Withdrawals on account of an illness, accident or need to pay for the funeral expenses of the Participant's primary Beneficiary shall be available effective the later of (a) August 17, 2006, (b) the original effective date of the Plan or, if applicable, (c) \_\_\_\_\_, \_\_\_\_\_ (insert date that this option was first available, if such date was later than August 17, 2006).
  - Withdrawals on account of an illness, accident or need to pay for funeral expenses of the Participant's primary Beneficiary shall not be available.
- No. Withdrawals under Section 6.08 shall not be available under this Plan.

7. Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 6.10. (Check one.)

- Yes, if the total amount payable to a Participant under the Plan does not exceed the dollar amount under Code Section 411(a)(11)(A) (currently \$5,000).
- No. Section 6.10 shall not apply to this Plan.

8. Distribution without Participant's Consent. Small accounts of certain inactive Participants may be distributed without the Participant's consent as described in Section 6.11. (Check one.)

- Yes, if the total amount payable to a Participant under the Plan does not exceed \$1,000. Such amount will be paid in cash to the Participant.
- No. Section 6.11 shall not apply to this Plan.

9. Distributions to Individuals in Uniformed Services. (Check one.)

- The Plan does not permit distributions to individuals who are deemed to have a Severance from Employment solely on account of their performing services in the uniformed services and Section 6.13 shall not apply to this Plan.
- Participants who are deemed to have a Severance from Employment on account of their performing services in the uniformed services for a period of 30 days or more may elect to receive a distribution of all or a portion of their Account (subject to the post-distribution restrictions described in Section 6.13).

10. In-plan Roth Conversions. (Check one.) (Note: Employer cannot allow in-plan Roth conversions unless it also elects to allow Designated Roth Contributions under Section 3, above, of this Adoption Agreement.)

- In-plan Roth conversions are not permitted, and Section 6.12 shall not apply to this Plan.
- Participants may convert certain pre-tax amounts to Roth contributions in an "in-plan" rollover/conversion described in Section 6.12, but only if such amounts are currently distributable under the terms of the Plan, effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting in-plan Roth conversions).

11. Deductions from Distributions to Eligible Retired Public Safety Officers. (Check one.)

- For distributions after December 31, 2006, an Eligible Retired Public Safety Officer may elect, pursuant to Section 6.14, to have up to \$3,000 of the distribution deducted and paid directly to the provider of an accident or health insurance plan or qualified long-term care insurance plan.
- The Plan does not allow elections by Eligible Retired Public Safety Officers under Section 6.14.

12. Non-spousal Beneficiary Rollovers. As described in Section 8.03, non-spousal Beneficiary rollovers are allowed after December 31, 2006, unless elected otherwise below. (Note: Such distributions are required by law to be allowed after December 31, 2009.)

- Non-spousal Beneficiary rollovers are not allowed prior to January 1, 2010.
- Non-spousal Beneficiary rollovers are allowed effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than January 1, 2007 and not later than December 31, 2009).

13. Required Minimum Distributions for 2009. (Check one of the boxes in each of subsections (a) and (b) below. If none of the boxes in a subsection is checked, the first option shall apply to the Plan.)

(a) For purposes of 2009 required minimum distributions:

- This option reflects VALIC standard operations during 2009.** The provisions of Section 6.05(a) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for Participants or Beneficiaries receiving installment payments unless such Participant or Beneficiary elects otherwise, whereas Required Minimum Distributions are suspended for all other Participants and Beneficiaries).
- The provisions of Section 6.05(b) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, unless otherwise elected by a Participant or Beneficiary).
- The provisions of Section 6.05(c) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, but only Participants or Beneficiaries receiving installment payments may elect otherwise).
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- Not applicable (Plan established as a new Plan after 2009). (Do not complete subsection (b) below.)

(b) For purposes of Section 6.05(d), the Plan will treat the following as eligible rollover distributions in 2009:

- This option reflects VALIC standard operations during 2009.** A direct rollover option shall be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).
- Eligible rollover distributions shall include 2009 Required Minimum Distributions and installment payments that include 2009 Required Minimum Distributions.
- Eligible rollover distributions shall include 2009 Required Minimum Distributions, but only if paid with an additional amount that is an eligible rollover distribution without regard to Code Section 401(a)(9)(H).

14. Optional Benefit Accruals under HEART Act. (Check one.)

- The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall not apply.
- The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall apply effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than first day of 2007 Plan Year).

15. Governing Law. This Plan shall be construed under the laws of the State/Commonwealth of \_\_\_\_\_ (insert State/Commonwealth). This Plan shall be subject to any applicable State, county or local deferred compensation rules and regulations.

The Employer hereby causes this Adoption Agreement to be executed by its duly authorized representative on the date specified below.

Employer (Please Print): \_\_\_\_\_

Employer's Signature: \_\_\_\_\_

Name (Please Print): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**PARTICIPATION AGREEMENT  
SECTION 457(b) DEFERRED COMPENSATION PLAN  
(Governmental)**

Complete this page *only if* more than one Employer will adopt this Section 457(b) Deferred Compensation Plan. Each Participating Employer must execute a separate Participation Agreement.

Check here if not applicable and do not complete this page.

The undersigned governmental entity, by executing this Participation Agreement, elects to become a Participating Employer in the Section 457(b) eligible deferred compensation plan identified in the accompanying Adoption Agreement and below (the "Plan"), as if the Participating Employer were a signatory to the Adoption Agreement for the Plan. The Participating Employer accepts, and agrees to be bound by, all of the elections made by the signatory Employer in the Adoption Agreement for the Plan, except as otherwise provided in this Participation Agreement.

1. EFFECTIVE DATE. (Note: The Effective Date of the Participating Employer's adoption of the Plan cannot be earlier than the original effective date of the Plan, as adopted by the signatory Employer. If the Participating Employer is adopting the Plan as a restatement of an existing governmental Section 457(b) plan of the Participating Employer, the Effective Date of the Participating Employer's adoption of the Plan must not be earlier than the later of (i) the original effective date of the Participating Employer's existing Section 457(b) plan, (ii) the effective date of the most recent restatement of the Plan by the signatory Employer, or (iii) the first day of the Plan Year that includes the date the Participation Agreement is executed.)

The Effective Date of the Participating Employer's adoption of the Plan is: \_\_\_\_\_, \_\_\_\_\_.

2. NEW PLAN/RESTATEMENT. The Participating Employer's adoption of this Plan constitutes: (Check one.)

- The adoption of a new governmental Section 457(b) plan by the Participating Employer.
- An amendment and restatement of a governmental Section 457(b) plan currently maintained by the Participating Employer identified as the \_\_\_\_\_ and having an original effective date of \_\_\_\_\_, \_\_\_\_\_.

The Participating Employer hereby causes this Participation Agreement to be executed by its duly authorized representative on the date specified below.

Plan Name (Please Print): \_\_\_\_\_

Participating Employer Name (Please Print): \_\_\_\_\_

Participating Employer's Signature: \_\_\_\_\_

Name (Please Print): \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Acceptance by the Signatory Employer of the Adoption Agreement.

Signatory Employer Name (Please Print): \_\_\_\_\_

Signatory Employer's Signature: \_\_\_\_\_

Name (Please Print): \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**BASIC PLAN DOCUMENT**  
**SECTION 457 (b) DEFERRED COMPENSATION PLAN**  
**(Governmental)**

Agenda Item 4.3

**ARTICLE I. INTRODUCTION**

This Plan is intended to be an eligible deferred compensation plan under Section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

**ARTICLE II. DEFINITIONS**

- 2.01 Account: The account maintained for each Participant reflecting the cumulative amount of each Participant's Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant's Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant's Deferred Compensation.
- 2.02 Adoption Agreement: The separate agreement which is executed by the Employer and sets forth the elective provisions of this Plan as specified by the Employer.
- 2.03 Annuity Contract: If selected by the Employer as an investment option, one or more group fixed, variable or combination fixed and variable annuity contracts issued by The Variable Annuity Life Insurance Company (VALIC) and approved for sale in the Employer's state, or by another insurance company qualified to do business in the Employer's state, which provide for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.
- 2.04 Beneficiary or Beneficiaries: The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant's death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.
- 2.05 Code: The Internal Revenue Code of 1986, as amended, and regulations thereunder.
- 2.06 Compensation: The amount of compensation that would be payable to a Participant by the Employer if no Deferred Compensation Agreement were in effect to defer compensation under this Plan. The term Compensation includes amounts that are excludable from an Employee's gross income and that are contributed by the Employer at the Employee's election to a cafeteria plan, qualified transportation fringe benefit plan, a Section 401(k) arrangement, a SARSEP, a Section 403(b) arrangement, a SIMPLE plan or another Section 457(b) plan of the Employer. For years beginning after 2008, Compensation shall include "differential wage payments," as that term is defined in Section 2.17 (Includible Compensation).
- 2.07 Deferred Compensation: The amount of Compensation otherwise payable to the Participant that the Participant elects to defer hereunder (as either pre-tax Elective Deferral Contributions or after-tax Designated Roth Contributions), any amount credited to a Participant's Account by reason of a transfer under Section 8.01, or any other amount that the Employer agrees to credit to a Participant's Account (as an Employer Contribution) and that does not exceed the Maximum Limitation.
- 2.08 Deferred Compensation Agreement: An agreement entered into between a Participant and the Employer and any amendments or modifications thereof, which agreement shall fix the amount of pre-tax Elective Deferral and/or after-tax Designated Roth Contributions, if applicable, that the Participant elects to defer; specify the Participant's investment selection with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries; and incorporate the terms, conditions, and provisions of this Plan by reference.
- 2.09 Designated Roth Contribution: The amount of a Participant's Compensation that he elects to defer to the Plan (as Deferred Compensation) on an after-tax basis.
- 2.10 Elective Deferral Contribution: The amount of a Participant's Compensation that he elects to defer to the Plan (as Deferred Compensation) on a pre-tax basis.
- 2.11 Eligible Retirement Plan: A plan described in Code Section 402(c)(8)(B) to which an Eligible Rollover Distribution may be transferred pursuant to Code Section 457(e)(16).

- 2.12 Eligible Rollover Distribution: A qualifying distribution to a Participant, or to a spousal Beneficiary of a deceased Participant that is described in Code Section 402(c)(4).
- 2.13 Employee: Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid. For years beginning after December 31, 2008, the term Employee also includes an individual receiving "differential wage payments," as that term is defined in Section 2.17 (Includible Compensation), from the Employer.
- 2.14 Eligible Employee: An Employee who, based on the Employer's elections in the Adoption Agreement, is eligible to participate in the Plan.
- 2.15 Employer: The entity identified in the Adoption Agreement, which entity is a State, political subdivision of a State, or an agency or instrumentality of a State or political subdivision of a State.
- 2.16 Employer Contribution: The amount (if any) that the Employer contributes to the Plan (as Deferred Compensation) that does not reduce (on a pre-tax or an after-tax basis) the Participant's Compensation for the Plan Year.
- 2.17 Includible Compensation: For a taxable year, the Participant's compensation, as defined in Code Section 415(c)(3), for services performed for the Employer. For years beginning after 2008, Includible Compensation shall include "differential wage payments," as defined in Code Section 3401(h)(2) (a payment by the Employer to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days, and which payment represents all or a portion of the wages the individual would have received from the Employer if the individual were performing service for the Employer). The amount of Includible Compensation shall be determined without regard to any community property laws.
- 2.18 Maximum Limitation: The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 8.02) for the taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.

- (a) Normal Limitation: The maximum amount deferred shall not exceed the lesser of the Applicable Dollar Amount (as described in Section 2.18(c) below) or 100% of the Participant's Includible Compensation.
- (b) Catch-Up Limitation: For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal Retirement Age, the maximum amount deferred for each such year shall be the lesser of:
  - (1) twice the Applicable Dollar Amount (as described in Section 2.18(c) below); or
  - (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or another eligible plan of the Employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.

A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.

- (c) Applicable Dollar Amount: The applicable dollar amount shall be the amount determined in accordance with the following table:

| For taxable years beginning in calendar year: | The applicable dollar amount: |
|---|-------------------------------|
| 2012  | \$17,000                      |
| 2013  | \$17,500                      |
| 2014  | \$17,500                      |
| 2015  | \$18,000                      |
| 2016  | \$18,000                      |
| 2017  | \$18,000                      |

The applicable dollar amount shall be adjusted for cost-of-living increases in accordance with Code §457(e)(15).

- (d) [Reserved]
- (e) Age-Based Catch-Up Contributions: In addition to any other limit set forth in this section, a Participant who will attain age 50 (or greater) in the calendar year may contribute an additional amount, which amount is adjusted for cost-of-living increases in accordance with Code §414(v)(2)(C). The Age-Based Catch-Up Contribution limit for the 2017, 2016 and 2015 calendar years is \$6,000 and for the 2014, 2013 and 2012 calendar years is \$5,500.
- (f) Coordination of Catch-Up Contributions: A Participant may not utilize both the Catch-Up Limitation and the Age-Based Catch-Up Contribution in the same year. The Age-Based Catch-Up Contribution shall not apply for any taxable year for which a higher Catch-Up Limitation applies.

- (g) Excess Deferrals: Any amount deferred in excess of the Maximum Limitation or Age-Based Catch-Up Contribution shall be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral. An excess deferral as a result of a failure to comply with the individual limitation under Treas. Reg. Section 1.457-5 for a taxable year may be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral.
- 2.19 Normal Retirement Age: The age that determines the period during which a Participant may utilize the Catch-Up Limitation of Section 2.18(b) hereunder. A Participant's Normal Retirement Age shall be age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment.
- A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant shall become eligible to retire and receive unreduced retirement benefits under the Employer's defined benefit plan or money purchase plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½. If the Participant will not be eligible to receive benefits under a defined benefit plan or money purchase plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age 65 and may not be later than the calendar year in which the Participant attains age 70½.
- If the Participant is a qualified police officer or firefighter as defined under Code Section 415(b)(2)(H)(ii)(I), then such qualified police officer or firefighter may designate an alternative Normal Retirement Age that is between age 40 and age 70½.
- Once a Participant has to any extent utilized the Catch-Up Limitation of Section 2.18(b), his Normal Retirement Age may not be changed.
- 2.20 Participant: Any Eligible Employee who has enrolled in this Plan pursuant to the requirements of Article IV or who has previously deferred compensation under this Plan and who has not received a distribution of his entire benefit under the Plan.
- 2.21 Plan Year: The 12-month period commencing each January 1st and ending on the following December 31st.
- 2.22 Severance from Employment: Termination of the Participant's employment relationship with the Employer. For years after 2008, solely for purposes of the withdrawal restrictions of Code Section 457(d)(1)(A), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services, as described in Code Section 3401(h)(2)(A). For years prior to 2002, references in this Plan to Severance from Employment shall mean severance of the Participant's employment with the Employer, within the meaning of Code Section 402(e)(4)(D)(i)(III), rather than termination of the Participant's employment relationship with the Employer.
- 2.23 Service Provider: The Variable Annuity Life Insurance Company (VALIC), VALIC Retirement Services Company or such other entity as the Employer designates to perform administrative services under this Plan.

### ARTICLE III. ADMINISTRATION

- 3.01 Plan Administrator. This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement, operate and maintain this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 6.08 of this Plan.
- 3.02 Employee with Administrative Responsibilities. Any Employee who is charged with administrative responsibilities hereunder may participate in the Plan under the same terms and conditions as apply to other Employees. However, he shall not have the power to participate in any discretionary action taken with respect to his participation under Section 6.08 of this Plan.
- 3.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

### ARTICLE IV. PARTICIPATION IN THE PLAN

- 4.01 Participant. An Eligible Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer. An Eligible Employee is not precluded from becoming a Participant by reason of having received a pre-1997 cash-out distribution (upon separation from service) of \$3,500 or less from a Code Section 457(b) plan.
- 4.02 Enrollment in the Plan. An Eligible Employee may elect to defer Compensation for a calendar month by entering into a Deferred Compensation Agreement before the first day of the month in which the Compensation is paid or made available. A new Eligible Employee may defer Compensation payable in the calendar month which includes the first day of employment by entering into a Deferred Compensation Agreement on or before the first day of employment.

- 4.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, an Eligible Employee or Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 4.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. The Employer may suspend a Participant's Elective Deferral Contributions and/or Designated Roth Contributions for up to 6 months in the event a Participant takes a hardship distribution from the Employer's Section 401(k) plan or Section 403(b) arrangement if required under the terms of such plan or arrangement. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 4.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and his Compensation shall be restored in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.
- 4.06 New Deferred Compensation Agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 4.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the Employer prior to the beginning of the calendar month for which it is to be effective.
- 4.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with Compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant.
- 4.08 Deferrals of Sick, Vacation, and Back Pay. Subject to approval of the Employer, an Eligible Employee or Participant who has not had a Severance from Employment may elect to defer accumulated sick pay, accumulated vacation pay, and back pay under this Plan in accordance with the requirements of Code Section 457(b). These amounts may be deferred for any calendar month only if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available.
- 4.09 Deferrals of Amounts Paid After Severance from Employment. Subject to the approval of the Employer:
- (a) An Eligible Employee or Participant may elect to defer certain amounts that are paid after Severance from Employment, but only if such amounts are
    - (1) paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of Severance from Employment, and
    - (2) one of the following types of compensation:
      - (i) regular compensation for services rendered by the Eligible Employee or Participant (including base pay, overtime, shift differential, commission, bonus or other similar pay), so long as these amounts would have been paid to the Eligible Employee or Participant prior to termination of employment if the Eligible Employee or Participant had not had a Severance from Employment; or
      - (ii) payments for accrued but unused sick, vacation or other leave, but only if the Eligible Employee or Participant would have been able to use such leave if employment had continued.
  - (b) An Eligible Employee or Participant may also elect to defer amounts paid to the Eligible Employee or Participant during periods when the Eligible Employee or Participant is not performing services for the Employer by reason of qualified military service (as that term is used in Code Section 414(u)(1)), but only to the extent those payments do not exceed the amount the Eligible Employee or Participant would have received if the Eligible Employee or Participant had continued to perform services for the Employer rather than entering qualified military service.
  - (c) An Eligible Employee or Participant may also elect to defer amounts paid to the Eligible Employee or Participant during a period when the Eligible Employee or Participant is not performing services for the Employer because the Eligible Employee or Participant is permanently and totally disabled (as that term is defined in Code Section 22(e)(3)), so long as either:
    - (1) the Eligible Employee or Participant was not a highly compensated employee (as defined in Code Section 414(q)) immediately before becoming permanently and totally disabled, or
    - (2) the plan under which the disability payments are made provides for payments to all Eligible Employees or Participants who are permanently and totally disabled for a fixed or determined period.
- 4.10 Designated Roth Contributions. If elected by the Employer in the Adoption Agreement, the Participant may designate that all or a portion of his/her elective contributions to the Plan be treated as after-tax Roth contributions (referred to herein as "Designated Roth Contributions"). Such designation must be made before the date upon which the amounts designated would otherwise have

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been payable to the Participant (but for the election to defer), and such designation must be irrevocable on and after that date. Designated Roth Contributions (and the earnings thereon) shall be accounted for separately from all other contributions to the Plan (including rollovers of Roth contributions from other plans and in-plan Roth conversions) and the earnings on those contributions. If a Participant takes a distribution of less than 100% of his Account (including an In-Service Distribution or an Unforeseeable Emergency Withdrawal), the Participant may designate whether such distribution shall be made from the Participant's pre-tax Elective Deferral Contributions or after-tax Designated Roth Contributions.

- 4.11 Employer Contributions. If elected by the Employer in the Adoption Agreement, the Employer may/shall make contributions (that are not part of the Participant's Compensation) to the Plan as additional Deferred Compensation. Employer contributions may, but need not, be accounted for separately from Employee pre-tax Elective Deferral Contributions, but shall be accounted for separately from Designated Roth Contributions, amounts converted to Roth contributions through an in-plan Roth conversion, and rollover contributions (whether from a non-Roth account or a designated Roth account). If the Employer elects in the Adoption Agreement to make contributions in lieu of withholding/paying FICA taxes (hereinafter referred to as "FICA Opt-out Contributions") for some or all Participants for a given pay period, such contributions must total at least 7.5% of the Participant's Compensation for the pay period, and must be 100% vested at all times. If the Employer requires Participants to make mandatory salary reduction (*i.e.*, pre-tax) contributions to the Plan as a condition of employment (hereinafter referred to as "Employee Mandatory Contributions"), such contributions shall be treated as Employer Contributions for all purposes under this Plan (including the 7.5% of Compensation requirement for FICA Opt-out Contributions).
- 4.12 Compliance with HEART Act. In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the Participant's Beneficiary is entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service), if any, provided under the Plan as if the Participant had resumed employment and then terminated employment on account of death. If (and only if) the Employer elects in the Adoption Agreement, then effective as of the date elected in the Adoption Agreement, the Plan shall treat an individual who dies or becomes disabled (as defined in Code Section 72(m)(7)) while performing qualified military service with respect to the Employer as if the individual had resumed employment in accordance with the individual's reemployment rights under USERRA, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. The Plan will determine the amount of Elective Deferral Contributions (or Designated Roth Contributions) of an individual treated as employed under this section for purposes of applying Code Section 414(u)(8)(C) on the basis of the individual's average actual Elective Deferral Contributions (or Designated Roth Contributions) for the lesser of (i) the 12-month period of service with the Employer immediately prior to the qualified military service or (ii) the actual length of continuous service with the Employer.

## ARTICLE V. INVESTMENT OF DEFERRED COMPENSATION

- 5.01 Annuity Contracts and Other Plan Investments. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts and other Plan investments as specified in the Participants' Deferred Compensation Agreements. Amounts deferred under this Plan must be transferred to a trust, custodial account or annuity contract described in Section 5.02 within a period that is not longer than is reasonable for the proper administration of the Participant Accounts. Responsibility for the selection of investment alternatives for Plan assets shall be retained by the Employer, and the Employer shall have the right to modify the selection of investment alternatives from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the investment alternatives selected by the Employer, and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the issuer, trustee, or custodian to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 5.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries (i) in annuity contracts or (ii) in trust or in one or more custodial accounts pursuant to one or more separate written instruments. Any such annuity contract, trust, or custodial account must satisfy the requirements of Code Section 457(g)(1). The annuity contract, trust or custodial account must make it impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the annuity contract, trust or custodial account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries. For purposes of this section, the terms Participant and Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an annuity contract or trustee or custodian of other investments held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.

- 5.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VI of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 5.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.
- 5.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the issuer, trustee or custodian with respect to the investment of any contributions that are forwarded to the issuer, trustee or custodian prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the issuer, trustee or custodian (or takes such other action or actions as may be necessary) to direct the investment of such amounts. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts in accordance with the terms of the Plan.

#### ARTICLE VI. BENEFITS

- 6.01 Distribution of Benefits. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's attainment of age 70½ or Severance from Employment. If the Participant has had a Severance from Employment, the distribution of a Participant's Account shall commence no later than April 1st of the calendar year following the year of the Participant's attainment of age 70½. Distributions shall be made in accordance with one of the payment options described in Section 6.03.
- 6.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 6.01.
- 6.03 Payment Options. A Participant (or a Beneficiary as provided in Sections 6.06 or 6.07) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is available under the investment and consistent with the requirements set forth in Section 6.04:
- (a) life annuity;
  - (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
  - (c) unit refund life annuity;
  - (d) joint and last survivor annuity (spouse only);
  - (e) lump sum;
  - (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
  - (g) withdrawals for a specified number of years;
  - (h) withdrawals of a specified amount; or
  - (i) any other method of payment agreed upon between Participant and Employer and accepted by the investment provider or Service Provider.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

- 6.04 Required Minimum Distributions.
- (a) No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code Section 401(a)(9) and any additional Code limitations applicable to the Plan. The provisions of this section shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. The requirements of this section shall take precedence over any inconsistent provisions of the Plan. All distributions required under this section shall be determined and made in accordance with the regulations under Code Section 401(a)(9). Notwithstanding the other provisions of this section, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.
  - (b) The Participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:

- (1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then unless the surviving spouse elects to apply the 5-year rule (pursuant to subsection (f), below), distributions to the surviving spouse shall begin by December 31st of the calendar year immediately following the calendar year in which the Participant died, or by December 31st of the calendar year in which the Participant would have attained age 70½, if later.
- (2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then unless the designated Beneficiary elects to apply the 5-year rule (pursuant to subsection (f), below), distributions to the designated Beneficiary shall begin by December 31st of the calendar year immediately following the calendar year in which the Participant died.
- (3) If there is no designated Beneficiary as of September 30th of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.
- (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subsection (b), other than paragraph (b)(1), shall apply as if the surviving spouse were the Participant.

For purposes of this subsection (b) and subsection (d), unless paragraph (b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If paragraph (b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under paragraph (b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under paragraph (b)(1)), the date distributions are considered to begin is the date distributions actually commence.

Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions shall be made in accordance with subsections(c) and (d) of this section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9).

- (c) During the Participant's lifetime, the minimum amount that shall be distributed for each distribution calendar year is the lesser of:
  - (1) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
  - (2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

Required minimum distributions shall be determined under this subsection (c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

- (d) (1) If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
  - (a) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
  - (b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
  - (c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.



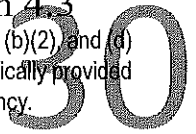
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- (2) If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30th of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
  - (3) Except as otherwise elected (pursuant to subsection (f), below), if the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in paragraphs (1) and (2), above.
  - (4) If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30th of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.
  - (5) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under paragraph (b)(1), this subsection (d) shall apply as if the surviving spouse were the Participant.
- (e) Definitions.
- (1) "Designated Beneficiary" means the individual who is designated as the Beneficiary under Section 2.04 of the Plan and is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-1, Q&A-4, of the regulations.
  - (2) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subsection (b). The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, shall be made on or before December 31st of that distribution calendar year.
  - (3) "Life expectancy" means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the regulations.
  - (4) "Participant's account balance" means the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
  - (5) "Required beginning date" means April 1st of the calendar year following the later of:
    - (a) the calendar year in which the Participant attains age 70½; or
    - (b) the calendar year in which the Participant retires.
- (f) Participants or Beneficiaries may elect, on an individual basis, whether the 5-year rule or the life expectancy rule in subsections (b) and (d) applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30th of the calendar year in which distribution would be required to begin under subsection (b), or by September 30th of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, the surviving spouse's) death. If neither the Participant nor the Beneficiary makes an election under this paragraph, distributions shall be made in accordance with subsections (b) and (d).

#### 6.05 2009 Required Minimum Distributions ("RMDs").

- (a) Continuation of RMDs for Participants Receiving Installment Payments Unless Otherwise Elected by the Participant; Suspension of RMDs for All Other Participants. This paragraph applies if elected by the Employer in the Adoption Agreement or if no election is made by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are one or more payments in a series of installments (that include 2009 RMDs), will continue to receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect not to receive the distributions that include 2009 RMDs. For all other Participants and Beneficiaries, the requirement to receive the 2009 RMD shall be suspended in accordance with Code Section 401(a)(9)(H).

- (b) Continuation of RMDs for All Participants Unless Otherwise Elected by the Participant. This paragraph applies if elected by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2009 RMDs or (2) one or more payments in a series of installments (that include 2009 RMDs), will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence.
- (c) Continuation of RMDs for All Participants Unless Otherwise Elected by Participants Receiving Installment Distributions. This paragraph applies if elected by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2009 RMDs or (2) one or more payments in a series of installments (that include the 2009 RMDs), will receive those distributions for 2009. However, Participants and Beneficiaries receiving installments will be given the opportunity to elect not to receive the distributions that include 2009 RMDs.
- (d) Direct Rollovers. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, certain additional distributions in 2009, as elected by the Employer in the Adoption Agreement, will be treated as eligible rollover distributions. If no election is made by the Employer in the Adoption Agreement, then a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).
- 6.06 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under an annuity payment option, the guaranteed or remaining payments, if any, under the annuity payment option shall be payable to the Participant's Beneficiary commencing with the first payment due after the death of the Participant. If the Beneficiary does not continue to live for the remaining period of payments under the annuity payment option, then the remaining benefits under the annuity payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Should the Participant die after he has begun to receive benefits under any other payment option, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Should the Beneficiary die before the completion of payments under an annuity payment option or before distribution of the entire Participant Account, then the value of the remaining payments under the annuity payment option, or the value of the Participant Account in a lump sum, respectively, shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Payment to the Participant's Beneficiary under this section must comply with Code Section 401(a)(9), and with any additional Code limitations applicable to the Plan. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.
- 6.07 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 6.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with Code Section 401(a)(9), and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under an annuity payment option or before distribution of the entire Participant Account, the value of the remaining payments under the annuity payment option, or the value of the Participant Account in a lump sum, shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate.
- 6.08 Unforeseeable Emergency Withdrawals. If the Employer so elects in the Adoption Agreement, then in the event of an unforeseeable emergency, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonably needed to satisfy the emergency need (including any amounts that may be necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution). If such application for withdrawal is approved by the Employer, the Employer shall direct the issuer, trustee or custodian to pay the Participant such value as the Employer deems necessary to meet the emergency need.

The regulations under Section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship of the Participant or Beneficiary resulting from an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. For example, the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code



Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2) and (d)(1)(B)) of the Participant or Beneficiary may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section 6.08, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

A distribution on account of an unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

Unless otherwise elected in the Adoption Agreement, then effective as of August 17, 2006, a Participant's unforeseeable emergency includes a severe financial hardship of the Participant's primary beneficiary under the Plan, that would constitute an unforeseeable emergency if it occurred with respect to the Participant's spouse or dependent as defined under Code Section 152. For purposes of this section, a Participant's "primary beneficiary under the Plan" is an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant's account balance under the Plan upon the Participant's death.

- 6.09 Transitional Rule for Annuity Payment Option Elections. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer and if a Participant or Beneficiary has commenced receiving benefits under an annuity payment option, that annuity payment option shall remain in effect notwithstanding any other provision of this Plan.
- 6.10 Participant's Election to Receive In-Service Distribution. If the Employer so elects in the Adoption Agreement, a Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:
  - (a) such amount does not exceed the dollar amount under Section 411(a)(11)(A) of the Code,
  - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
  - (c) there has been no prior distribution under the Plan to the Participant under this Section 6.10 or under Section 6.11.
- 6.11 Distribution without Participant's Consent. If the Employer so elects in the Adoption Agreement, the total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:
  - (a) such amount does not exceed \$1,000,
  - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
  - (c) there has been no prior distribution under the Plan to the Participant under this Section 6.11 or under Section 6.10.
- 6.12 In-plan Roth Conversions. If the Employer so elects in the Adoption Agreement, Participants may elect to convert certain pre-tax Elective Deferral Contributions, Employer Contributions or rollover contributions to after-tax Roth contributions in an in-plan (taxable) conversion. Such conversion shall be accomplished through a direct rollover from the Participant's applicable pre-tax account to his Roth conversion account (such that there is no actual distribution from the Plan). In-plan Roth conversions are expressly limited to amounts that are currently distributable to the Participant under both Code Section 457(d)(1)(A) and the terms of the Plan. Rollover contributions made on or after January 1, 2006 may be converted at any time. Amounts attributable to Elective Deferral Contributions or Employer Contributions generally cannot be converted before the Participant has attained age 70½ or has had a Severance from Employment. If the Employer elects in the Adoption Agreement to allow in-service distribution of small, inactive accounts, such amounts shall also be eligible for conversion under this section. All in-plan Roth conversions shall be taxable to the Participant in the year of the conversion.
- 6.13 Distributions to Individuals Performing Service in Uniformed Services. If (and only if) elected by the Employer in the Adoption Agreement, a Participant who is deemed to have incurred a Severance from Employment on account of performing services in the uniformed services (as defined in chapter 43 of title 38, United States Code) for a period of active duty of more than 30 days may elect to receive a distribution of all or a portion of the Participant's Account under the Plan. However, the Plan will not distribute the Participant's Account without the Participant's consent. If the Participant elects to receive a distribution under this provision, the Participant may not make an Elective Deferral Contribution or a Designated Roth Contribution to the Plan during the 6-month period beginning on the date of the distribution.
- 6.14 Eligible Retired Public Safety Officer Distribution Deduction Election. Unless the Employer elects otherwise in the Adoption Agreement, for distributions in taxable years beginning after December 31, 2006, an "Eligible Retired Public Safety Officer" may elect annually for that taxable year to have the Plan (i) deduct an amount from the distribution which the Eligible Retired Public Safety Officer otherwise would receive (and include in income) and (ii) pay such deducted amounts directly to the provider of an accident or health insurance plan or qualified long-term care insurance contract. The amount deducted (and paid to the provider) may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code Section 402(l). For purposes of this section: (i) an "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment

as a Public Safety Officer with the Employer, (ii) a "Public Safety Officer" has the same meaning as in Section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968, and (iii) the term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his spouse and dependents, by an accident or health plan or a qualified long-term care insurance contract (as defined in Code Section 7702B(b)).

#### ARTICLE VII. NON-ASSIGNABILITY

- 7.01 In General. Except as provided in Section 7.02, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and no Participant or Beneficiary shall have any right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder or any interest under the Plan, which payments and interests are expressly declared to be non-assignable and non-transferable.
- 7.02 Domestic Relations Orders.
- (a) Allowance of Transfers: Notwithstanding Section 7.01, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to a State domestic relations law ("domestic relations order"), then the amount of the Participant's Account shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Plan Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant.
- (b) Release from Liability to Participant: The Employer's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse, child, or other dependent pursuant to paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider has been provided with satisfactory evidence that the Employer and the Service Provider are released from any further claim by the Participant with respect to such amounts. The Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).
- (c) Participation in Legal Proceedings: The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to the extent permitted by applicable laws to disclose information relating to the Participant's Account to the Participant's spouse, former spouse, or child (including the legal representatives of the spouse, former spouse, or child), or to a court.
- (d) Effective April 6, 2007, a domestic relations order will not fail to be a domestic relations order (1) solely because the order is issued after, or revises, another domestic relations order; or (2) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. A domestic relations order described in this paragraph is subject to the same requirements and protections that apply to domestic relations orders.

#### ARTICLE VIII. TRANSFERS AND ROLLOVERS

- 8.01 Transfers. This Plan shall accept and allow transfers, pursuant to Code Section 457, of amounts deferred by an individual under this Plan or another eligible deferred compensation plan meeting the requirements of Section 457(g) of the Code, provided the conditions of this Section 8.01 are met.
- (a) Directed by Individual Participant or Beneficiary. A transfer from this Plan to another eligible governmental deferred compensation plan or from another eligible governmental deferred compensation plan to this Plan is permitted only if the transferor plan provides for transfers, the receiving plan provides for the receipt of transfers, the Participant or Beneficiary whose amounts deferred are being transferred shall have an amount deferred immediately after the transfer at least equal to

the amount deferred with respect to that Participant or Beneficiary immediately before the transfer, and in the case of a transfer for a Participant, the Participant whose amounts deferred are being transferred has had a severance from employment with the transferring employer and is performing services for the employer maintaining the transferee plan. Upon the transfer of assets from this Plan under this paragraph (a), the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary.

Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 2.18, except that, for purposes of applying the limit of Section 2.18, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.

- (b) Permissive Service Credit Transfers. Subject to any limitations imposed by an investment provider, if a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account transferred to the defined benefit governmental plan. A transfer under this paragraph (b) may be made before the Participant has had a Severance from Employment.

A transfer may be made under this paragraph (b) only if the transfer is either for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

- 8.02 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover shall be subject to mandatory withholding of 20%, or such other mandatory withholding rate as may be imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent required under the Code, the Plan shall separately account for any rollover contributions it receives. Rollover contributions to the Plan before January 1, 2006, shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan. Rollover contributions to the Plan on or after January 1, 2006, shall not be subject to the same restrictions on distributions applicable to other amounts held under the Plan, and such rollover contributions may be distributed at any time.

8.03 Non-spousal Beneficiary Rollovers.

- (a) For distributions after December 31, 2009, and unless otherwise elected in the Adoption Agreement, for distributions between January 1, 2007 and December 31, 2009, a non-spouse Beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) and the regulations thereunder, may roll over, by a direct trustee-to-trustee transfer ("direct rollover"), all or any portion of his distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to roll over the distribution, the distribution otherwise must satisfy the definition of an Eligible Rollover Distribution.
- (b) Although a non-spouse Beneficiary may roll over directly a distribution as provided in paragraph (a) above, any distribution made prior to January 1, 2010, is not subject to the direct rollover requirements of Code Section 401(a)(31) (including Code Section 401(a)(31)(B), the notice requirements of Code Section 402(f) or the mandatory withholding requirements of Code Section 3405(c)). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for an indirect "60-day" rollover.
- (c) If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a "designated beneficiary" within the meaning of Code Section 401(a)(9)(E).
- (d) A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Internal Revenue Service guidance. If the Participant dies before his required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Section 1.401(a)(9)-3, A-4(c) of the regulations, in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

## ARTICLE IX. LOANS

If the Employer so elects under the Adoption Agreement, loans shall be made available to all Participants on a reasonably equivalent basis, but only to the extent permitted under the Annuity Contract or other Plan investment and the provisions of this Article. No loan shall be made available under this Plan unless it satisfies all of the requirements of Code Section 72(p) and any other applicable

regulatory guidance, including the limitations on the total of a Participant's non-taxable loans from all plans of the Employer for treatment as a tax-free loan. The making of loans under this Plan shall be subject to written guidelines set forth in a separate document (or under the Annuity Contract), which guidelines shall govern the availability, terms and procedures for Participants to obtain loans under this Plan. The availability of loans under this Plan may be suspended, terminated or modified at any time.

#### ARTICLE X. AMENDMENT OR TERMINATION OF PLAN

- 10.01 Amendment or Termination. The Employer may at any time amend this Plan or terminate this Plan and distribute the Participants' Accounts in conformity with the Code; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. In the event that the Plan is terminated, amounts deferred under the Plan (and all Plan assets) shall be distributed to all Plan Participants and Beneficiaries as soon as administratively practicable after the termination of the Plan.
- 10.02 Amendment and Restatement of Previously Adopted Plan. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect through such date.

#### ARTICLE XI. USERRA

An Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may defer additional Compensation upon resumption of employment with the Employer equal to the maximum amount of Compensation that could have been deferred during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the amount of Compensation, if any, actually deferred during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

#### ARTICLE XII. MISTAKEN CONTRIBUTIONS

If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Plan Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Plan Administrator, to the Employer.

#### ARTICLE XIII. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

#### ARTICLE XIV. PARTICIPATING EMPLOYERS

- 14.01 Adoption of Plan. With the consent of the Employer, the Plan may be adopted by any other governmental entity described in Code Section 457(e)(1)(A), and each such adopting entity shall be known as a Participating Employer. Such adoption of the Plan shall be evidenced by completion of a Participation Agreement signed by both the Employer and the Participating Employer.
- 14.02 Participating Employer's Plan. Each Participating Employer shall be treated as the sponsor of its own separate governmental Code Section 457(b) eligible deferred compensation plan, subject to the terms and conditions of this Plan document. Accordingly, although the assets of the Plan may be held in a single trust (or annuity contract or custodial account that is treated as a trust), the assets attributable to the Employer and to each Participating Employer shall be accounted for separately. Except as provided below, wherever a right or obligation is imposed upon the Employer by the terms of the Plan, the same shall extend to each Participating Employer under the Plan, and shall be separate and distinct from that imposed upon the Employer.
- 14.03 Participating Employer's Participation. Except as otherwise provided below, it is the intention of the Employer that each Participating Employer shall be a party to the Plan and shall be treated in all respects as the Employer thereunder, with its employees to be considered as Employees or Participants, as the case may be, under the Plan. However, the participation of a Participating Employer in the Plan shall in no way diminish, augment, modify, or in any way affect the rights and duties of the Employer or its Employees under the Plan.
- 14.04 Severance from Employment. For purposes of Section 2.22 (Severance from Employment), the term Employer means the governmental entity that the Participant was employed by (or under contract with) at the time of his termination of employment.

- 14.05 Plan Administrator. For purposes of Article III (Administration), each Participating Employer shall serve as (or appoint another person to serve as) the Plan Administrator of such Participating Employer's plan. Each Participating Employer (or the person designated by such Participating Employer as the Plan Administrator of that Participating Employer's plan) shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement, operate and maintain its participation in the Plan and to make discretionary decisions affecting the rights or benefits of its own Participants under the Plan.
- 14.06 Investments and Administrative Services. Only the Employer shall have the right to enter into contracts or agreements with investment providers or other companies providing administrative services to the Plan. The Employer shall act as the agent of each Participating Employer with respect to such investment contracts and/or services agreements. The Employer's choice of investment and administrative service providers shall be binding on each Participating Employer and, by signing the Participation Agreement, the Participating Employer agrees to be bound by the terms and conditions of any such investment contracts and/or services agreements.
- 14.07 Amendment or Termination of the Plan. Only the Employer shall have the right to amend or terminate the Plan under Article X. The Employer's amendment or termination of the Plan shall be binding on each Participating Employer and, by signing the Participation Agreement, the Participating Employer agrees to be bound by the terms and conditions of any such amendment or termination of the Plan.
- 14.08 Revocation of Participation. A Participating Employer may at any time (by written notice to the Employer) revoke its participation in the Plan, in which case the Participating Employer must adopt its own plan document and provide its own trust or other funding arrangement for the assets attributable to its Participants. If a Participating Employer revokes its participation in the Plan, the Employer shall direct the Trustee of the Plan's trust (and/or the issuer of any annuity contract or the custodian of any custodial account holding Plan assets) to transfer the Plan assets attributable to the Participating Employer's Participants to such separate funding arrangement as soon as administratively practicable following the Participating Employer's revocation of its participation in the Plan.





**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION AT COLUMBUS**

ALANA SCHMITT, Individually and as  
representatives of a class of participants and  
beneficiaries on behalf of the Andrus Wagstaff,  
PC 401(k) Profit Sharing Plan and all other  
similarly situated individual account retirement  
plans,  
6640 West 54<sup>th</sup> Place  
Arvada CO 80002S

Plaintiff,

vs.

NATIONWIDE LIFE INSURANCE  
COMPANY  
c/o CORPORATION SERVICE COMPANY  
50 WEST BROAD STREET SUITE 1330  
COLUMBUS OH 43215

and

NATIONWIDE BANK  
c/o W. SIDNEY DRUEN,  
ONE NATIONWIDE PLZ  
COLUMBUS, OH 43216

and

NATIONWIDE BANK  
c/o CORPORATION SERVICE COMPANY  
50 WEST BROAD STREET SUITE 1330  
COLUMBUS OH 43215

and

NATIONWIDE TRUST COMPANY, FSB  
c/o CORPORATION SERVICE COMPANY  
50 WEST BROAD STREET SUITE 1330  
COLUMBUS OH 43215

and

Civil Action No. 2:17-cv-00558

**FIRST AMENDED COMPLAINT  
WITH NOTICE OF  
ADDITIONAL COUNSEL –  
CLASS ACTION**

JURY TRIAL DEMANDED

NATIONWIDE TRUST COMPANY, FSB  
c/o W. SIDNEY DRUEN  
ONE NATIONWIDE PLZ  
COLUMBUS, OH 43216

Defendants.

Plaintiff Alana Schmitt, individually and as representative of participants and beneficiaries of the Andrus Wagstaff, PC 401(k) Profit Sharing Plan (the “AW Plan”), brings this action under 29 U.S.C. §1132(a)(3) as representative of and on behalf of the Plan and on behalf of all other similarly situated individual account plans (the “Plans”) as that term is defined in 29 U.S.C. § 1002(34)<sup>1</sup> against Defendant Nationwide Life Insurance Company, Nationwide Bank and Nationwide Trust Company, FSB (collectively “Nationwide” or “Defendants”) for knowingly participating in violations of 29 U.S.C. § 1106(a). Plaintiff, on behalf of the AW Plan and all similarly situated individual account plans, is seeking the return of the excessive and unreasonable asset-based fees charged by Nationwide for recordkeeping and administrative services, and to prevent Nationwide from charging those excessive fees in the future.

## INTRODUCTION

1. Plaintiff is a participant in the AW Plan. At the end of 2015, the AW Plan had 27 participants and \$1,100,000 in plan assets. Small plans such as the AW Plan have the same legal and regulatory obligations as Fortune 500 companies, but lack the expertise to navigate the

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<sup>1</sup> The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), 29 U.S.C. §§1001–1461.

labyrinth of federal regulations governing employee benefit plans or the time and resources to seek out and employ expert financial and legal consultants to understand the complexities of the marketplace.

2. The AW Plan contracted with Nationwide under Nationwide's Retirement Flexible Advantage Retirement Plans Program to provide recordkeeper and other services for a fee of one percent per year of the AW Plan assets. Nationwide describes the fee in the annual AW Plan participant fee disclosure required by 29 CFR 2550.404a-5 as follows: "AMC/Net Asset Fee - This is a fee charged by Nationwide to recover expenses that may include compensation paid to financial advisors, administrative service fee payments to Administrative Firm/Authorized Representative, and any expense credits issued to the plan. Additionally, this fee pays for services provided by Nationwide including access to a variety of investment options, the recordkeeping platform, customer service, etc."

3. 29 U.S.C. §§ 1106(a) and 1108(b)(2) generally prohibit a "party in interest" from providing services to a qualified retirement plan like the AW Plan unless the contract or arrangement is reasonable and no more than reasonable compensation is paid by the plan to the party in interest. If a service contract fails to comply with 29 U.S.C. § 1108(b)(2) including the detailed disclosure requirements of 29 CFR 2550.408b-2(c), the contract for services will constitute a prohibited transaction under 29 U.S.C. § 1106(a)(1)(C). Furthermore, if the contract calls for the payment of an unreasonable fee, adequate disclosure of that fee cannot save the arrangement from violating the provisions of 29 U.S.C § 1108(b)(2) and violating the prohibited transaction rules of 29 U.S.C. § 1106(a)(1)(C).

4. A recent survey by NEPC, an independent investment consulting firm, found that

the median recordkeeping cost of 113 plans was \$64 per plan participant in 2015.<sup>2</sup> As a result of Nationwide's asset-based fees, in 2014 the AW Plan paid approximately \$9,400 for recordkeeping services for a plan that had only 15 participants at the end of the year, amounting to \$625 per participant. In 2015, recordkeeping fees increased to \$11,000 for 22 participants amounting to \$500 per participant. Nationwide's fees are almost 10 times more than the reasonable amount of compensation that should have been charged to the AW Plan.

5. While the one percent fee for recordkeeping paid by the AW Plan and other small plans seems insignificant, the negative financial impact on the efforts by these workers to save for retirement is significant. In defined contribution plans, employees' benefits at retirement "are limited to the value of their own individual investment accounts, which is determined by the market performance of employee and employer contributions, less expenses." *Tibble v. Edison Int'l*, 135 S. Ct. 1823, 1825 (2015).

6. Because retirement savings in defined contribution plans grow and compound over the course of the employee participants' careers, poor investment performance and excessive fees can dramatically reduce the amount of benefits available when the participant is ready to retire. Over time, even small differences in fees and performance compound and can result in vast differences in the amount of savings available at retirement. As the Supreme Court has explained, "[e]xpenses, such as management or administrative fees, can sometimes significantly reduce the value of an account in a defined-contribution plan." *Tibble*, 135 S. Ct. at 1825.

7. The impact of excessive fees on employees' and retirees' retirement assets is dramatic. The U.S. Department of Labor has noted that a 1% higher level of fees over a 35-

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<sup>2</sup> [https://cdn2.hubspot.net/hubfs/2529352/Blog/2015\\_10\\_nepc\\_2015\\_defined\\_contribution\\_plan\\_and\\_fee\\_survey-what\\_a\\_difference\\_a\\_decade\\_makes\\_copy1.pdf?t=1495567038751](https://cdn2.hubspot.net/hubfs/2529352/Blog/2015_10_nepc_2015_defined_contribution_plan_and_fee_survey-what_a_difference_a_decade_makes_copy1.pdf?t=1495567038751)

year period makes a 28% difference in retirement assets at the end of a participant's career.

U.S. Dep't of Labor, A Look at 401(k) Plan Fees, at 1-2 (Aug. 2013).<sup>3</sup>

8. According to the Nationwide website<sup>4</sup>, Defendants service 37,000 retirement plans and 2,400,000 participants and claim to manage over \$114 billion in retirement assets under the Nationwide Retirement Flexible Advantage Retirement Plans Program. Based on the 1% fee charged to the AW Plan, Nationwide potentially earns over \$1 billion a year in excessive compensation at the expense of the individual plan participants. These excessive fees violate a fundamental principle of ERISA: that no contract for services can charge any more than reasonable compensation in relation to the service being provided.

9. Although the AW Plan fiduciaries may have breached their fiduciary duties to the AW Plan by entering into the Nationwide contract, the U.S. Supreme Court made it clear in *Harris Trust and Savings Bank v. Salomon Smith Barney, Inc.*, 530 U.S. 238, 245 (2000), that 29 U.S.C. § 1132(a)(3) authorizes a civil action against a non-fiduciary who participates in a transaction prohibited by 29 U.S.C. § 1106(a).

10. Nationwide was the target of a class action lawsuit for failing to disclose indirect compensation received from mutual funds to retirement plans. After settling that action in 2014, Nationwide continued to charge Plans unreasonable fees for recordkeeping and administration but now discloses its unreasonable fees in its 29 CFR 2550.408b-2 disclosures. However, merely disclosing that a Plan is paying an unreasonable fee does not make the fee reasonable under 29 CFR 2550.408c-2.

11. To remedy Nationwide's violations of ERISA's prohibition against charging unreasonable fees to a qualified plan and its retirement plan investors, Plaintiff, as a

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<sup>3</sup> Available at <https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/401kFeesEmployee.pdf>

<sup>4</sup> <https://www.nationwide.com/why-choose-nationwide-retirement-plans.jsp>

representative of the AW Plan and other Plans enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program, brings this action on behalf of the Plans under 29 U.S.C. §1132(a)(3) seeking restoration to the Plans of all losses resulting from the excessive and unreasonable fees charged by Defendants for recordkeeping services under 29 U.S.C. §1108(b). In addition, Plaintiff seeks such other equitable or remedial relief for the Plans as the Court may deem appropriate.

### **JURISDICTION AND VENUE**

12. This Court has exclusive jurisdiction over the subject matter of this action under 29 U.S.C. §1132(e)(1) and 28 U.S.C. §1331, because it is an action under 29 U.S.C. §1132(a)(3).

13. This District is the proper venue for this action under 29 U.S.C. §1132(e)(2) and 28 U.S.C. §1391(b), because Defendants are all headquartered in Columbus Ohio and therefore are residents of this district.

### **THE PARTIES**

#### **Plaintiff Schmitt**

14. Plaintiff Alana Schmitt, is a citizen of Colorado, and a participant in the AW Plan as defined in 29 U.S.C. §1002(7). Through the AW Plan, she is invested in the Neuberger Berman International Select fund, the Principal Mid Cap Fund, the Wells Fargo Discovery Fund and the Vanguard Windsor II fund.

#### **The Andrus Wagstaff, PC 401(K) Profit Sharing Plan**

15. The Andrus Wagstaff, PC 401(k) Profit Sharing Plan is a defined contribution, individual account, employee pension benefit plan under 29 U.S.C. §1002(2)(A) and §1002(34).

16. The AW Plan is established and maintained under a written document in accordance with 29 U.S.C. §1102(a)(1).

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17. Employees of Andrus Wagstaff, PC are eligible to participate in the AW Plan. Benefits under the AW Plan, which are based upon deferrals of employee compensation, employer matching contributions and performance of investment options net of fees and expenses. The AW Plan is the only employer-provided source of retirement plan income for employees of Andrus Wagstaff.

18. The AW Plan is one of 37,000 plans for which Nationwide performs similar recordkeeping and other administrative services. The AW Plan is typical of defined contribution, individual account plans serviced by Nationwide under its Nationwide Retirement Flexible Advantage program.

#### **Defendants**

19. Nationwide Life Insurance Company is a mutual life insurance company with its principal place of business in Columbus, Ohio, and provides administrative services to qualified retirement plans.

20. Nationwide Bank is a federally chartered bank with its principal place of business in Columbus, Ohio. Nationwide Bank is a wholly owned subsidiary of Nationwide Financial Services, Inc., an affiliate of Nationwide Life Insurance Company, and serves as the trustee for the AW Plan.

21. Nationwide Trust Company, FSB is a division of Nationwide Bank, with its principal place of business in Columbus, Ohio. Nationwide Trust Company serves as custodian for the AW Plan.

### **FACTUAL ALLEGATIONS**

#### **Plan Recordkeeping**

22. Recordkeeping is a necessary service for every defined contribution plan.

Recordkeeping for 401(k) plans like the AW Plan and the proposed class of Plans and their participants is fundamentally the same as keeping records for a brokerage account with a few additional points of data. It is a system where costs are driven purely by the number of inputs and the number of transactions. In essence, it is a computer-based bookkeeping system. The greatest cost incurred in incorporating a new retirement plan into a recordkeeper's system is for upfront setup costs.

23. After the Plan account is set up, individual accounts are opened by entering the participant's name, age, SSN, date of hire and marital status. The system also records the amount of a participant's compensation he or she wished to contribute each pay period through automated payroll deductions. Participants can go on line and change their contribution rate at any time.

24. Similar to a brokerage account, the system also records and tracks which investments among the twenty or thirty investment choices available under the plan a participant has chosen to invest his or her contributions. All of the investment choices available to participant-directed retirement plans like the AW Plan and the putative class are already connected to the recordkeeper's system, so that all information required of the investment fund downloads to the recordkeeper's system automatically.

25. Participants can buy and sell investments and change their investment instructions for new contributions on-line at any time. Defendants charge certain transaction-based fees, for example: (i) for each quarterly statement (\$0.75 each); and (ii) for each transfer out of a fund (\$6.00 per exchange). The system also records withdrawals and distributions and keeps a running daily balance of each participant's account by extracting data from other reporting systems, like Morningstar.



26. Recordkeeping services for a qualified retirement plan, like the AW Plan, are essentially fixed and largely automated. The cost of recordkeeping and administrative services depends on the number of participants, not the amount of assets in the participant's account. Thus, the cost of providing recordkeeping services to a participant with an average account balance of \$100,000 is the same as the cost of recordkeeping for a participant with \$1,000 in her retirement account. For this reason, responsible recordkeepers charge recordkeeping fees for each plan participant rather than as a percentage of plan assets. Otherwise, as plan assets increase through participant contributions or investment gains, the recordkeeping revenue increases without any change in the services provided.

#### **The Nationwide Retirement Flexible Advantage Retirement Plans Program**

27. Nationwide advertises itself as a provider of retirement plan services. Nationwide's website states: "We Are Helping America's Workers Prepare for and Live in Retirement." According to the Nationwide website, as of December 31, 2016 Nationwide is the recordkeeper for more than 37,000 plans serving more than 2,400,000 participants with over \$114 billion in retirement assets.<sup>5</sup> The Nationwide website also offers fiduciary education to plan sponsors.<sup>6</sup>

28. Nationwide offers the Nationwide Retirement Flexible Advantage Retirement Plans Program for plans with a minimum of \$50,000 in first year plan assets.<sup>7</sup> The AW Plan is enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program.

29. The Nationwide Retirement Flexible Advantage Retirement Plans Program

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<sup>5</sup> <https://www.nationwide.com/why-choose-nationwide-retirement-plans.jsp>

<sup>6</sup> [https://www.nationwide.com/401k-fiduciary-education.jsp?wt.mc\\_id=NF\\_Desktop\\_RP-Private\\_Banner\\_NA\\_NA\\_NA\\_NA\\_NAXNA\\_NA\\_NA&wt.tsrc=NF\\_Banner\\_RP-Private\\_Desktop\\_NA](https://www.nationwide.com/401k-fiduciary-education.jsp?wt.mc_id=NF_Desktop_RP-Private_Banner_NA_NA_NA_NA_NAXNA_NA_NA&wt.tsrc=NF_Banner_RP-Private_Desktop_NA)

<sup>7</sup> [https://nationwidefinancial.com/#!/products/retirement-plans/programs/flexible-advantage?utm\\_medium=cpm&utm\\_campaign=nf&utm\\_source=google&utm\\_content=brand:na:google:na:mckinne y:na:zerooptions-ophobia2016&quotetype=&type=na&ui1002=&ui3001=](https://nationwidefinancial.com/#!/products/retirement-plans/programs/flexible-advantage?utm_medium=cpm&utm_campaign=nf&utm_source=google&utm_content=brand:na:google:na:mckinne y:na:zerooptions-ophobia2016&quotetype=&type=na&ui1002=&ui3001=)

features more than 1,300 institutional investment options. A complete fund lineup, which includes performance and expense data, appears on the Nationwide website.<sup>8</sup>

30. Under Fees and expenses, Nationwide identifies the following services:

- Program fee: Provides plan services such as online access, educational materials, employee statements, transaction processing and maintaining employee records.
- Financial advisor expense: Provides consulting, services and support individualized for the plan.
- Administration expense: Provides plan testing, compliance and filing services.

31. One of the “Key features” of the Nationwide Retirement Flexible Advantage Retirement Plans Program is “Nationwide ClearCredit,” which is “a feature of the Nationwide Retirement Flexible Advantage Program that reduces the asset fee based on payments from funds, for participants who have invested in those funds. This feature allows participants to benefit from the revenue-sharing arrangements offered by their selected funds.”<sup>9</sup> In other words, Nationwide offsets its Net Asset Fee by the amount of certain fees paid to Nationwide by various mutual funds.

32. According to the Nationwide website, other benefits of ClearCredit include:

- Keeps recordkeeping fees consistent across participants, regardless of which funds they choose.
- Reduces participant asset charges daily.

#### **Fees Actually Charged under the Nationwide Retirement Flexible Advantage Program**

33. Although the Nationwide Retirement Flexible Advantage Program website emphasizes efficiency and cost savings, in fact, the Nationwide Retirement Flexible Advantage

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<sup>8</sup> <https://nationwidefinancial.com/media/pdf/performance/PNX-0153AO.pdf>

<sup>9</sup> <https://nationwidefinancial.com/#!/products/retirement-plans/programs/flexible-advantage/option-clearcredit>

Program takes advantage of the lack of sophistication and bargaining power of the AW Plan and other similarly situated plans by unscrupulously adding 75 to 100 basis points (0.75% to 1.00%) to the cost of every investment option available to retirement plan investors in the AW Plan and the Plans. If, for example, the expense ratio for a mutual fund such as the American Funds EuroPacific Growth Fund as disclosed in the fund’s prospectus is 50 basis points (0.50%), Defendants added 100 basis points (one percent) to that expense so that the investor is paying 1.5% to invest in that fund.

34. The “AMC/Net Asset Fee” is “a fee charged by Nationwide to recover expenses that may include compensation paid to financial advisors, administrative service fee payments to Administrative Firm/Authorized Representative, and any expense credits issued to the plan. Additionally, this fee pays for services provided by Nationwide including access to a variety of investment options, the recordkeeping platform, customer service, etc.” The Net Asset Fee, however, does far more than reimburse Nationwide for expenses actually incurred, and provides Nationwide a substantial profit measured as a percentage of a plan’s assets.

35. The following chart illustrates the markups charged by Nationwide on the 40 investment options offered by the AW Plan:

| <b>Fund</b>                | <b>Fund Net Expense ratio</b> | <b>Nationwide AMC/Net Asset fee</b> | <b>Total Fees</b> | <b>% Fee Increase</b> |
|----------------------------|-------------------------------|-------------------------------------|-------------------|-----------------------|
| NW INV Dest Aggr Inst      | 0.49%                         | 1.00%                               | 1.49%             | 204%                  |
| NW INV Dest CNSRV Inst     | 0.48%                         | 1.00%                               | 1.48%             | 208%                  |
| NW Inv Dest Mod Aggr Inst  | 0.51%                         | 1.00%                               | 1.51%             | 196%                  |
| NW Inv Dest Mod Cnsrv Inst | 0.49%                         | 1.00%                               | 1.49%             | 204%                  |
| NW Inv Dest Mod Inst       | 0.49%                         | 1.00%                               | 1.49%             | 204%                  |
| Vngrd Trgt Rtrmt 2010 Inv  | 0.14%                         | 1.00%                               | 1.14%             | 714%                  |
| Vngrd Trgt Rtrmt 2015 Inv  | 0.14%                         | 1.00%                               | 1.14%             | 714%                  |
| Vngrd Trgt Rtrmt 2020 Inv  | 0.14%                         | 1.00%                               | 1.14%             | 714%                  |
| Vngrd Trgt Rtrmt 2025 Inv  | 0.15%                         | 1.00%                               | 1.15%             | 666%                  |

|                            |       |       |       |        |
|----------------------------|-------|-------|-------|--------|
| Vngrd Trgt Rtrmt 2025 Inv  | 0.15% | 1.00% | 1.15% | 666%   |
| Vngrd Trgt Rtrmt 2030 Inv  | 0.15% | 1.00% | 1.15% | 666%   |
| Vngrd Trgt Rtrmt 2035 Inv  | 0.15% | 1.00% | 1.15% | 666%   |
| Vngrd Trgt Rtrmt 2040 Inv  | 0.16% | 1.00% | 1.16% | 625%   |
| Vngrd Trgt Rtrmt 2045 Inv  | 0.16% | 1.00% | 1.16% | 625%   |
| Vngrd Trgt Rtrmt 2050 Inv  | 0.16% | 1.00% | 1.16% | 625%   |
| Vngrd Trgt Rtrmt 2055 Inv  | 0.16% | 1.00% | 1.16% | 625%   |
| Vngrd Trgt Rtrmt 2060 Inv  | 0.16% | 1.00% | 1.16% | 625%   |
| Vngrd Trgt Rtrmt Inc       | 0.14% | 1.00% | 1.14% | 714%   |
| Vngrd Wlngtn Inv           | 0.26% | 1.00% | 1.26% | 384%   |
| DE Divrs Inc Inst          | 0.65% | 0.85% | 1.50% | 130%   |
| MetWest Ttl Rtn Bd I       | 0.44% | 1.00% | 1.44% | 227%   |
| Opp Intl Bd Y              | 0.77% | 0.80% | 1.57% | 103%   |
| Vngrd Infl Prtct Sec Inv   | 0.20% | 1.00% | 1.20% | 500%   |
| AmFds Cap Wid Gr Inc R6    | 0.50% | 1.00% | 1.5%  | 200%   |
| NeuBer Intl Sel Inst       | 0.90% | 0.90% | 1.80% | 100%   |
| Opp Devl Mkt Y             | 1.07% | 0.80% | 1.87% | 75%    |
| AmFds Gr Fd Am R6          | 0.33% | 1.00% | 1.33% | 303%   |
| TRowePr Eq Inc             | 0.66% | 0.85% | 1.51% | 130%   |
| Vngrd Mrgn Gr Inv          | 0.40% | 1.00% | 1.40% | 250%   |
| Vngrd Wndsr II Inv         | 0.34% | 1.00% | 1.34% | 294%   |
| GdmnScs MdCap Val Inst     | 0.75% | 0.85% | 1.60% | 113%   |
| Prncpl MdCap Inst          | 0.67% | 0.90% | 1.57% | 134%   |
| Vngrd ST Bd Indx Adml      | 0.09% | 1.00% | 1.09% | 1,111% |
| PIMCO Stk PLUS Sm Inst     | 0.69% | 1.00% | 1.69% | 145%   |
| Vngrd Explr Inv            | 0.49% | 1.00% | 1.49% | 204%   |
| WF SmCo Val Inst           | 1.00% | 0.85% | 1.85% | 85%    |
| Prudntl Jnism Natrl Rsrc Z | 0.92% | 0.75% | 1.67% | 81%    |
| Vngrd REIT Indx Adml       | 0.12% | 1.00% | 1.12% | 833%   |

36. The Nationwide fee increases the cost of every investment on the Nationwide Retirement Flexible Advantage platform by 75% to 1,111%. The additional fees are born solely by the plan participants. Ironically, the Comparative Chart of Investment Options prepared for the plan participants by Nationwide contains the following caution immediately above the definition of the AMC/Net Asset Fee: “The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings.”

37. Moreover, where the Nationwide fee is less than 1%, Nationwide receives the

balance of the 1% fee from the mutual fund provider under a practice called revenue sharing. For example, the Wells Fargo Discovery Fund has an expense ratio of 86 basis points (0.86%), meaning that a retirement plan investor pays just less than one percent of his or her investment as the cost of investing in the fund. Nationwide charges the participant an additional 85 basis points to invest in that fund. However, Nationwide receives 15 basis points (0.15%) from the Wells Fargo Discovery Fund as revenue sharing, so that Nationwide receives one percent of every dollar that participants invest in the Wells Fargo Discovery Fund.

38. The fee discrepancy is most pronounced when applied to the passively managed index and target date funds. For example, Vanguard charges 9 basis points (0.09%) to manage and administer the Vanguard Short Term Bond Index Fund (Admiral Class) investments. In contrast, Nationwide charges 100 basis points (1%) to track a participant's investment in the Vanguard Short Term Bond Index Fund on the Nationwide platform.

39. Even more egregiously, Nationwide adds the 1% fee to Nationwide's own Destination funds offered as investment options. The Nationwide Destination mutual funds are funds which invest 100% in other Nationwide mutual funds and financial products. To invest in the Nationwide Investor Destination Aggressive Fund, Nationwide charges "other expenses" of 16 basis points (.16%), which include expenses described as shareholder servicing and sub-transfer agent fees. Nationwide also charges Destination Aggressive Fund investors an acquired funds fee of 35 basis points (.35%), which is paid by the Destination Aggressive Fund to the other Nationwide funds the Destination Aggressive Fund has invested in for management and recordkeeping expenses. Nationwide thus receives 100% of all expenses paid by the Destination Funds investors in addition to the added 1% fee.

40. Because Nationwide charges an asset-based fee of one percent of the value of

each participant's account maintained on their platform for these services, plan participants pay wildly divergent amounts for the same services. For example, Plaintiff, with an account value of \$37,305 as of December 31, 2016 paid \$373 for recordkeeping for that year while a participant with an account balance of \$3,700 would have paid \$37 for exactly the same services.

41. Nationwide has charged other Plans unreasonable fees to serve as the recordkeeper. For example, the EXAL Corporation 401(k) Plan, with 431 active participants and average assets of \$20.4 million, paid Nationwide \$134,673 in direct and indirect compensation for recordkeeping in 2015, or \$323 per participant. Also in 2015, the Claas of America, Inc. Employees' Savings Plan, with 310 active employees and \$21 million in total assets, paid Nationwide \$127,900 in direct compensation and undisclosed indirect compensation, or \$414 per participant. The JMAC, Inc. 401(k) Plan, with \$21 million in assets and 634 active participants, paid \$142,448 in direct compensation for recordkeeping in 2015, or \$224 per participant. The Rocky Brands, Inc. 401(k) Plan, with 527 active participants and average assets of \$25.8 million, paid Nationwide \$60,056 in direct compensation and undisclosed indirect compensation, or \$114 per participant.

42. If Nationwide charged the median fee, the AW Plan (and similarly situated Plans) would pay \$1,728 per year for recordkeeping services, rather than \$11,000 per year, saving the plan participants 84 basis points (0.86%) per year. Plaintiff would have paid \$53 in fees in 2015 rather than \$373, a savings of \$320.

43. Defendants have also increased certain fund expenses for their own benefit and to the detriment of the plan participants. For example, the annual participant fee disclosure required by 29 CFR 2550.404a-5, and the quarterly participant account statements, both prepared by Defendants, state respectively that the expense ratio for the Wells Fargo Small

Cap Value Fund is 1.00% (participant fee disclosure) or 1.15% (Plaintiff's quarterly statement for the fourth quarter of 2016). However, the prospectus for the Wells Fargo Small Cap Value Fund states the expense ratio is only 90 basis points (0.90%) after fee waivers.

44. The following chart illustrates the differences between the fund expenses disclosed in the prospectuses verses the amount disclosed to plaintiff and other Plan participants by Nationwide.

| Fund                    | Disclosure Fund Expense | Prospectus Fund Expense | Difference |
|-------------------------|-------------------------|-------------------------|------------|
| Vngrd Trgt Rtrmt Inc    | 0.14%                   | .13%                    | .01%       |
| Vngrd Wlngtn Inv        | 0.26%                   | .25%                    | .01%       |
| DE Divrs Inc Inst       | 0.65%                   | .64%                    | .01%       |
| AmFds Cap Wld Gr Inc R6 | 0.50%                   | .45%                    | .05%       |
| NeuBer Intl Sel Inst    | 0.90%                   | .80%                    | .10%       |
| Vngrd Mrgn Gr Inv       | 0.40%                   | .38%                    | .02%       |
| Vngrd Wndsr II Inv      | 0.34%                   | .33%                    | .01%       |
| Vngrd ST Bd Indx Adml   | 0.09%                   | .07%                    | .02%       |
| Vngrd Explr Inv         | 0.49%                   | .46%                    | .03%       |
| WF SmCo Val Inst        | 1.00%                   | .90%                    | .10%       |

45. Thus, according to the fee disclosure prepared by Nationwide (which is a fiduciary obligation under 29 U.S.C. § 1104), Defendants are realizing additional fees of 1 to 10 basis points (.01-.10%) on the amount invested in the above funds in addition to the 1.00% fee being charged by Defendants for recordkeeping services.

**Reporting Failures under 29 CFR 2550.408b-2**

46. Andrus Wagstaff as the AW Plan administrator is responsible for preparing and filing with the Department of Labor the annual return for the AW Plan on Form 5500-SF,

the form for plans with fewer than 100 participants. In order to allow the AW Plan administrator to accurately complete the form, Nationwide was obligated by 29 CFR 2520.103-1 to provide information to the Plan Administrator in order to file the Form 55-SF. On information and belief, Defendants were contractually obligated to prepare and file the Plan's Annual Return.

47. In addition, Defendants were and are required by 29 CFR 2550.408b-2(c) to disclose to the plan administrator all compensation expected to be received by Defendants in connection with services provided to the Plan, a description of all services provided, and a description of the allocation of income among affiliated companies and subcontractors.

48. The AW Plan 5500-SF filed for 2014 and 2015 shows no administrative or other fees were paid by the AW Plan to anyone. This is clearly incorrect because the participant fee disclosures state Nationwide is charging its AMC/Net Asset Fee "to recover expenses that may include compensation paid to financial advisors, administrative service fee payments to Administrative Firm/Authorized Representative, and any expense credits issued to the plan. Additionally, this fee pays for services provided by Nationwide including access to a variety of investment options, the recordkeeping platform, customer service, etc."

49. In an apparent attempt to hide the actual dollar amount of fees being paid by the AW Plan and the individual benefit plan investors, Nationwide failed to disclose the actual amount paid to Nationwide for administrative services in violation of its reporting obligations under 29 CFR 2520.103-1.

50. The Form 5500 reporting failures, which appear deliberately intended to conceal the amount of Defendants' actual compensation for services provided to the Plan, and



the significant reporting errors noted with respect to the participant fee disclosure required by 29 CFR 2550.404a-5, suggest that Defendants have also failed to comply with the disclosure requirements of 29 CFR 2550.408b-2.

#### **Nationwide Trust Company**

51. Nationwide Trust Co. serves as trustee for many of the plans on the platform. As trustee Nationwide Trust Co. is supposed to hold all plan assets, effect all securities transactions and keep trust records showing all the actual trades at the trust level independent of Nationwide's recordkeeping system which keeps records at the individual participant level. The records of Nationwide and Nationwide Trust Co. should be periodically reconciled. The purpose of this two-tiered record keeping system is to make sure the assets held by the trust company match the assets recorded in the individual participant's accounts.

52. Upon knowledge and belief, Nationwide Trust does not keep separate trust records of daily transactions in securities it has executed on behalf of the Plan, but instead relies on the individual participant's records maintained by Nationwide as plan recordkeeper. In effect, there is a single record keeping system, rather than a dual system—one maintained by the recordkeeper reflecting assets allocated to each participant's account, and one maintained by the plan trustee reflecting all financial transactions at a plan level—that would be periodically compared to ensure that the reporting systems reconcile and that the assets held in the trust are accurately reflected in the allocations to participant accounts. As a result, Nationwide Trust Co. has failed to perform its trust function with respect to plan assets.

#### **ERISA**

53. 29 U.S.C. §1104(a)(1) requires that a plan fiduciary “discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and (A) for the

exclusive purpose of ... (ii) defraying reasonable expenses of administering the plan” exercising “the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.”

54. 29 U.S.C. §1106(a)(1)(C) of ERISA prohibits a fiduciary of an employee benefit plan from entering into an agreement with a party in interest for the provision of services to the Plan. Under 29 U.S.C §1002(14)(B) a “party in interest” is defined to include “a person providing services to such plan.” Nationwide is a “party in interest” because it is providing recordkeeping and other services to the AW Plan and other similarly situated plans.

55. 29 U.S.C. §1108(b)(2) exempts “Contracting or making reasonable arrangements with a party in interest for office space, or legal, accounting, or other services necessary for the establishment or operation of the plan” from the 29 U.S.C. §1106(a)(1)(C) bar “if no more than reasonable compensation is paid therefor.”

56. As alleged above, the addition of the “net asset fee” ensures that Defendants will receive a variable fee for recordkeeping that equals 1.00% of the total assets held in the Plan, regardless of the number of participants or any other factor that actually affects the cost of providing recordkeeping services. Thus, the Nationwide asset-based fee is not “reasonable compensation” under 29 U.S.C. §1108(b)(2), and so is not exempt from the prohibition of 29 U.S.C. §1106(a)(1)(C).

57. Nationwide holds itself out as an expert on retirement plans, offering fiduciary education and other services. When it offered asset-based recordkeeping services, Nationwide knew or should have known that such charges were unreasonable and violated 29 U.S.C. §1108(b)(2), and 29 U.S.C. §1106(a)(1)(C). Nonetheless, Nationwide continued to charge

plans asset based fees for recordkeeping services.

58. Andrus Wagstaff, as fiduciary to the AW Plan and its participants, failed to adequately perform its fiduciary obligation to ensure that the AW Plan pay no more than reasonable compensation for recordkeeping services, thereby causing the AW Plan to engage in a transaction prohibited by 29 U.S.C. § 1106(a)(1)(C). However, Andrus Wagstaff was not the recipient of the excessive compensation.

59. 29 U.S.C. §1132(a)(3) authorizes a plan participant to bring a civil action for “appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the plan.” In *Harris Trust and Savings Bank v. Salomon Smith Barney, Inc.*, 530 U.S. 238, 245 (2000), the U.S. Supreme Court made it clear that 29 U.S.C. § 1106(a)(3) authorizes a civil action by a plan participant against a non-fiduciary who participates in a transaction prohibited by 29 U.S.C. § 1106.

#### CLASS ACTION ALLEGATIONS

60. 29 U.S.C. §1132(a)(3) authorizes any participant or beneficiary of the Plans to bring an action individually on behalf of the Plans “(B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the plan.”

61. Acting in this representative capacity and to enhance the due process protections of unnamed participants and beneficiaries of the AW Plan and all similarly situated Plans enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program, as an alternative to direct individual actions on behalf of the Plans under 29 U.S.C. §1132(a)(3), Plaintiff seeks to certify this action as a class action under Fed. R. Civ. P. 23 on behalf of the AW Plan and the Plans. Plaintiff seeks to certify, and to be appointed as representative of, the

following class:

The AW Plan and every other participant-directed individual account plan enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program for which Defendants provides recordkeeping and other administrative services for an asset-based fee by charging the Plans and participant accounts an amount calculated as a percentage of the value of the participant's account invested in any particular investment fund, at any time from the earlier of (i) October 1, 2014; or (ii), in the event the Court determines that Defendants have concealed the facts and circumstances that would have apprised Plaintiff and the Class of the existence of Defendants' excessive compensation, the first date on which Defendants provided sufficient disclosure of their compensation for recordkeeping and administrative services, through the date of judgment (the "Class Period").

62. This action meets the requirements of Rule 23 and is certifiable as a class action for the following reasons:

a. Per the Nationwide website, the Class includes up to 37,000 Plans and 2,400,000 retirement plan participants as members who are enrolled in the enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program and is so large that joinder of all its members is impracticable.

b. There are questions of law and fact common to the Class because the Defendants charged excessive fees to the Plans in violation of 29 U.S.C. §1108(b)(2) and took the actions and omissions alleged herein as to the Plans and the individual participants. Thus, common questions of law and fact include the following, without limitation: whether an asset-based fee calculated as a percentage of a plan's assets constitutes reasonable compensation for recordkeeping services); whether the fiduciaries of the Plans breached their fiduciary duties to the Plans and caused the Plans to engage in prohibited transactions by failing to ensure that the Plans paid no more than reasonable compensation for recordkeeping services; whether the Plans suffered damages or losses from Defendants' excessive fees; and what Plan-wide equitable and other relief the Court

should impose in light of Defendants' wrongful conduct.

c. Plaintiff's claims are typical of the claims of the Class because Plaintiff was a participant during the time period at issue in this action and all participants in the Plans were harmed by Defendants' misconduct.

d. Plaintiff will fairly and adequately protect the interests of the class because she is an adequate representative of the Class because she was a participant in the AW Plan, which is typical of the Plans enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program during the Class period, has no interests that are in conflict with the Class, is committed to the vigorous representation of the Class and has engaged experienced and competent attorneys to represent the Class.

e. Prosecution of separate actions for these violations of ERISA by individual Plan participants and beneficiaries would create the risk of (A) inconsistent or varying adjudications that would establish incompatible standards of conduct for Defendants in respect to the discharge of its duties to the Plans and liability to the Plans under 29 U.S.C. §§1108(b)(2) and §1106(a)(1)(C); and (B) adjudications by individual participants and beneficiaries regarding these breaches of fiduciary duties and remedies for the Plans would, as a practical matter, be dispositive of the interests of the participants and beneficiaries not parties to the adjudication or would substantially impair or impede those participants' and beneficiaries' ability to protect their interests. Therefore, this action should be certified as a class action under Rule 23(b)(1)(A) or (B).

63. A class action is the superior method for the fair and efficient adjudication of this controversy because joinder of all participants and beneficiaries is impracticable, the losses suffered by individual participants and beneficiaries may be small and impracticable for

individual members to enforce their rights through individual actions, and the common questions of law and fact predominate over individual questions. Given the nature of the allegations, no class member has an interest in individually controlling the prosecution of this matter, and Plaintiff is aware of no difficulties likely to be encountered in the management of this matter as a class action. Alternatively, then, this action may be certified as a class under Rule 23(b)(3) if it is not certified under Rule 23(b)(1)(A) or (B).

64. Plaintiff's counsel will fairly and adequately represent the interests of the Class and is best able to represent the interests of the Class under Rule 23(g).

#### **FIRST CLAIM FOR RELIEF AGAINST ALL DEFENDANTS**

##### **Prohibited Transaction - Excessive and Unreasonable Compensation for Services in Violation of 29 U.S.C §1108(b)(2)**

65. Plaintiff incorporates the allegations set forth above as if fully stated herein.

66. 29 U.S.C. § 1106(a)(1)(C), generally prohibits the direct or indirect furnishing of services between a plan and a party-in-interest.

67. 29 U.S.C. § 1002(14) defines a party-in-interest as, among other things, as a person providing services to a plan. As a result of providing recordkeeping, and other administrative services to the AW Plan and the Plans, Defendants are parties-in-interest to the Plans.

68. 29 U.S.C. § 1108(b)(2) exempts from the prohibitions of 29 U.S.C. § 1106(a)(1)(C) “contracting or making reasonable arrangements with a party in interest for office space, or legal, accounting, or other services necessary for the establishment or operation of the plan, *if no more than reasonable compensation is paid therefor*” (emphasis added).

69. Defendants charged the AW Plan and other class members a fee based on a percentage of the value of the assets in the various plans. Since recordkeeping represents a fixed service at a fixed cost, that is contingent on the number of plan participants and not the amount of assets in the plan, there is no basis for charging an asset-based fee for that service, especially a fee that is more than double the average fee charged by investment funds for managing the actual investment of plan assets.

70. An asset-based fee for recordkeeping also disproportionately impacts the individual participants in the plan, effectively penalizing those participants who have higher asset balances by charging them higher fees for the same services rendered to plan participants with lower asset balances.

71. A reasonable fixed fee for recordkeeping would be between \$35 and \$64 per plan participant. By charging an asset based fee which resulted in fees approaching \$500 per plan member, Defendants received excessive and unreasonable compensation their services for which for which no exemption is available under 29 U.S.C. § 1108(b)(2).

72. By charging excessive and unreasonable compensation for the recordkeeping services Defendants have caused the AW Plan and the Plans to engage in prohibited transactions in violation of 29 USC § 1106(a).

73. Plaintiff and other similarly situated plan members have been harmed by the excessive fees paid to Defendants. The Supreme Court has recognized that “[e]xpenses, such as management or administrative fees, can sometimes significantly reduce the value of an account in a defined-contribution plan.” *Tibble*, 135 S. Ct. at 1825. The U.S. Department of Labor has noted that a 1% higher level of fees (the amount charged by Defendants in this instance) over a 35-year period makes a 28% difference in retirement assets at the end of a

participant's career. U.S. Dep't of Labor, A Look at 401(k) Plan Fees, at 1–2 (Aug. 2013).

74. Plaintiff has standing to assert this claim under 29 U.S. Code § 1132(a)(3) and *Harris Trust and Savings Bank v. Salomon Smith Barney, Inc.*, 530 U.S. 238, 245 (2000).

75. Defendants have been unjustly enriched as a result of charging and receiving excessive fees to the Plan participants in violation of 29 U.S.C. §§1108(b)(2) and §1106(a)(1)(C).

76. Defendants are liable to the AW Plan and other similar Plans enrolled in the Nationwide Retirement Flexible Advantage Retirement Plans Program for disgorgement of the excessive compensation it received.

#### **PRAYER FOR RELIEF**

Plaintiff, on behalf of the AW Plan and all similarly situated Plans, respectfully requests that the Court:

- Certify the Class, appoint Plaintiff as a class representative, and appoint Franklin D. Azar & Associates P.C. as Class Counsel;
- Find and declare that Defendants have charged excessive and unreasonable fee for recordkeeping services as described above;
- Order Defendants to disgorge and make good to the Plans all losses to the Plans resulting from the excessive fees charged, and to otherwise restore the Plans to the position they would have occupied but for the violations of 29 U.S.C. §1108(b)(2) and 29 USC § 1106(a)(1)(C) by Defendants;
- Determine the method by which the Plans' losses should be calculated;
- Order Defendants to provide all accountings necessary to determine the amounts Defendants must make good to the Plans;



- Surcharge against Defendants and in favor of the Plans all amounts involved in any transactions which such accounting reveals were improper, excessive and/or in violation of ERISA;
- Award to the Plaintiff and the Class their attorney's fees, expert witness fees and costs under 29 U.S.C. §1132(g)(1) and the common fund doctrine;
- Order the payment of pre- and post- judgment interest; and
- Grant other equitable or remedial relief as the Court deems appropriate.

Respectfully submitted,

**DYER, GAROFALO, MANN & SCHULTZ**

/s/John A. Smalley

John A. Smalley, Esq. (0029540)

Attorney for Plaintiff

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**JURY DEMAND**

Now comes the Plaintiff, by and through counsel, and hereby demands a trial by jury on all issues of this matter.

/s/John A. Smalley  
John A. Smalley (0029540)  
Attorney for Plaintiff

**Rio Linda/Elverta Community Water District  
Resolution 2003-01**

**Approving a 457 Deferred Compensation Plan and Amendments,  
Authorizing Individuals to Act on Behalf of Plan, Approving an  
Investment and Recordkeeping Services Agreement and Approving a  
Custodial Services Agreement**

Whereas, the Rio Linda/Elverta Community Water District (hereinafter referred to as "Employer") acting under the authority of its Board of Directors, wishes to update and amend its Current 457 Deferred Compensation Plan (hereinafter referred to as "Plan"), in order to conform with current Internal Revenue Service regulations and to provide an additional financial services provider to District employees; and

Whereas, the Employer wishes to approve VALIC Financial Advisors, Inc. (hereinafter referred to as "VFA") for discretionary investment management services and the Variable Annuity Life Insurance Company (hereinafter referred to as "VALIC"), VALIC Retirement Services Company (hereinafter referred to as "VRSCO") and VALIC Trust Company (hereinafter referred to as "VTCO") for nondiscretionary administrative services, including recordkeeping, contribution allocation services and Plan maintenance services; and

Whereas, the Employer wishes to participate in the Self-Directed Tax Advantaged Retirement System Program (hereinafter referred to as "STARS") sponsored by the Association of Bay Area Governments (hereinafter referred to as "ABAG") for the benefit of its employees and their beneficiaries.

Now, Therefore be it Resolved, by Rio Linda/Elverta Community Water District Board of Directors as follows:

1. That the Retirement Plan is approved and adopted and the terms of said Plan shall be those as set forth in the "Deferred Compensation Plan" document provided as "Exhibit 1", which is hereby approved and adopted; and
2. That the "Amendment to Deferred Compensation Plan" provided as "Exhibit 2" is hereby approved and adopted; and
3. That the "Investment and Recordkeeping Services Agreement" provided as "Exhibit 3" is hereby approved and adopted; and
4. That the "Custodial Agreement for Section 457 Plan" provided as "Exhibit 4" is hereby approved and adopted; and
5. That the "Certification - Custodial Account" provided as "Exhibit 5" is hereby approved and adopted; and
6. That the "Authorization of Individuals to Act on Behalf of the Plan" provided as "Exhibit 6" is hereby approved and adopted.

(Resolution 2003 - 01, Page 2)

**Be it Further Resolved**, that the General Manager is authorized to perform such administrative actions and develop such administrative procedures as are necessary to implement the Plan and become a member of ABAG in order to participate in the STARS Program; and

**Be it Further Resolved**, that this policy shall take effect on March 1, 2003 and supercede and repeal any previously approved 457 Plan documents; provided, however, that this Resolution shall not apply to the provision of financial management services currently being offered by any other company authorized to perform these services to District employees as of the date of the adoption of this Resolution; and

**Be it Further Resolved**, that the Employer hereby retains the right, from time to time, to amend, modify or discontinue all or any portion of said Retirement Plan without the consent of the employees participating in said Plan, or the beneficiaries of any employees participating in said Plan;

Introduced and Adopted this 18<sup>th</sup> Day of February 2003 by the following vote:

Ayes, in favor hereof: *Griffins, Wickham, Monahan, Cater*

Noes:

Absent: <sup>Est.</sup> *Harris*  
Abstain:

  
Doug Cater  
President, Board of Directors

Attest:

*Elizabeth Meyer*  
Clerk of the Board

(Seal)

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**RESOLUTION NO. 2005-01**  
**Rio Linda / Elverta Community Water District**  
**A RESOLUTION AMENDING THE DEFERRED COMPENSATION PLAN TO COMPLY**  
**WITH THE "MANDATORY DISTRIBUTION" REQUIREMENTS OF THE INTERNAL**  
**REVENUE SERVICE**

**WHEREAS**, on December 28, 2004 the Internal Revenue Service, hereinafter referred to as the "IRS", provided guidance to clarify legislation enacted by the *Economic Growth and Tax Relief Reconciliation Act of 2001*, that affected the District's 457(b) Deferred Compensation Plan, hereinafter referred to as the "Plan", in respect to the Mandatory Distribution provision; and

**WHEREAS**, the District Board of Directors now wishes to modify the Plan to conform to the guidance provided by the IRS.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Rio Linda / Elverta Community Water District that the District's 457(b) Deferred Compensation Plan is hereby amended to reduce the "mandatory distribution" provisions from \$5,000 to \$1,000 in accordance with the attached "Exhibit A", which is hereby approved and adopted;

**BE IT FURTHER RESOLVED** that the Plan Amendment shall take effect on March 28, 2005 and that the General Manager is hereby authorized and directed to execute and deliver to the Administrator of the Plan such documents as may be necessary to implement the Plan Amendment.

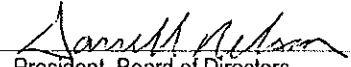
**INTRODUCED AND ADOPTED** on this 21<sup>ST</sup> day of March 2005, by the following vote:

**AYES**, in favor hereof: Nelson, Strutton, Morris, Cater and Harris

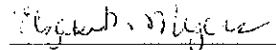
**NOES**: None

**ABSENT**: None

**ABSTAIN**: None

  
President, Board of Directors

ATTEST:

  
Secretary



## **Items for Discussion and Action**

### **Agenda Item: 4.4**

**Date:** February 24, 2020

**Subject:** Collaboration Study MOU by and between Several Neighboring Water Agencies

**Staff Contact:** Timothy R. Shaw, General Manager

#### **Recommended Committee Action:**

The Executive Committee reviewed this item and recommends the Board authorize the execution of the collaboration study Memorandum of Understanding (MOU).

#### **Current Background and Justification:**

On March 8, 2018, Sacramento Suburban Water District (SSWD) received correspondence from the San Juan Water District (SJWD) General Manager, on behalf of the Board of Directors of SJWD, inquiring about the status of the merger discussions previously conducted by SSWD and SJWD. A Sac Suburban / San Juan committee was formed to develop goals and discussion points to bring back to their respective Boards. In May 2018, the SSWD Board approved implementing a SSWD-SJWD Water Management/Re-Organization Ad Hoc Committee (Committee).

The initial Committee meeting was held on October 3, 2018. The Committee directed the SSWD and SJWD General Managers to extend an invitation to all General Managers in the Sacramento Region with the objective of identifying ways the agencies can become more efficient in working together to minimize cost to their customers and optimize the use of their water supplies, personnel, equipment, infrastructure and other resources, as well as improve their ability to influence state and federal policies.

The following Agencies have been participating in the ongoing discussions: SSWD, SJWD, Citrus Heights Water District, Carmichael Water District, Rio Linda / Elverta Community Water District, Del Paso Manor Water District, and City of Folsom. The Fair Oaks Water District and Orange Vale Water Company have chosen to not participate in the subject study.

Throughout the meetings of the General Managers, the Agencies developed a Request for Proposal (RFP) for a Sacramento Region Water Utility Collaboration/Integration Study (Study). As part of the analysis, it is the intent of the selected consultant to identify opportunities for coordinating or integrating policies, programs, services, projects and activities to create efficiencies, improve results and achieve an overall cost benefit to the Agencies' customers. The Scope of Work is intended to

determine a range of alternatives, which include potential integration of selected projects, programs and services, up to and including integration or consolidation of two or more of the Agencies into a single organization. Some of the agencies (including RLECWD) have no interest for consolidation.

In December 2019, five consulting firms responded to the RFP. Of the five consulting firms, four were selected to be interviewed on December 17, 2019 by the General Managers of the participating Agencies. Upon conclusion of the interviews, the panel unanimously recommended to continue discussions with Rafetelis/Tully & Young (RTY) consulting firm.

The Agencies met with RTY on January 22, 2020 to discuss components of the Study. Particular components discussed was the final Scope of Work, which entails combining particular tasks, methodology for tracking costs related to collaboration/consolidation, and schedule. The proposed cost submitted by RTY is approximately \$194,264, which is under the original estimate of \$250,000. SSWD will serve as the lead, or coordinating agency, for the subject Study. The Professional Services Agreement with RTY is included with your Board packets and associated with this agenda item. The Professional Services Agreement stipulates RTY must account for non-consolidation items separately, i.e. RLECWD will NOT be charged for work done by the consultant on merger/consolidation issues.

The Draft Memorandum of Understanding Regarding Collaboration/Integration Study (MOU) is associated with this item and included with your Board packets. The MOU includes the cost allocation spreadsheet. The cost allocation is based the annual operating budget of each participating Agency. Currently, the cost per agency is as low as \$5,000 and as high as \$53,000. The District's cost at this point is approximately \$5,000.

The plan going forward is each Agency will bring before their respective Boards in February 2020, a recommendation to approve participation in the Study, agree on the cost allocation, and approve the MOU. If the Boards who want to participate in the Study agree on those points, it is hopeful to have RTY under contract in March 2020.

Once the agreement is executed, as previously noted, SSWD will be responsible for administration of the project, and will be the primary contact for RTY. The project will be overseen by a Management Committee, composed of at least one executive from each of the participating Agencies. RTY will meet with the Management Committee as necessary, but at least once to initiate the project, and then at the end of each Activity phase. In addition, during the analysis phase of RTY's work, they will need to communicate with each agency's subject matter expert staff as required.

RTY will also need to plan to present the results of each Activity phase to an ad hoc committee of members of each Board of Directors or City Council of each of the participating Agencies (3 meetings total). RTY will present the final results of the study to a facilitated joint meeting of the Boards of Directors/City Councils of the Agencies. The Study is anticipated to be completed in November/December 2020.

**Conclusion:**

I recommend the Board authorize the execution of the collaboration study Memorandum of Understanding included with the Board documents associated with this item. Such authorization was recommended by the Executive Committee.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_  
Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



RLECWD Agenda Item Checklist

Item 4.4

Date

**Initial Potential Meeting Date** 2/24/2020

Circle High/Medium/Low priority of Item and Identify if in line with Mission/  
Goal/Strategic Planning issues or state of emergency

**Collaboration Study MOU by and between Several Neighboring Water Agencies**

**Staff Work Completed** 1/30/2020

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other  
Water or special districts, District Engineer, Legal Counsel then laying out business cases,  
pros and cons, options and recommendations based on best information available, etc.

**Committee Review of Item and Staff Work** 2/03/2020

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

N/A  
JH

**Formal Legal Counsel Review** \_\_\_\_\_

Legal Counsel should have enough time to review all potential legal matters  
for correctness and legality

**GM Review** 2/20/2020

**Actual Meeting Date Set for Agenda Item** 2/24/2020

## DRAFT

**MEMORANDUM OF UNDERSTANDING REGARDING  
SACRAMENTO REGION WATER UTILITY  
COLLABORATION/INTEGRATION STUDY**

THIS MEMORANDUM OF UNDERSTANDING ("Amendment") is made and entered into this \_\_\_ day of \_\_\_\_\_, 2020, by and between the Carmichael Water District, Citrus Heights Water District, Rio Linda/Elverta Community Water District, City of Folsom, Del Paso Manor Water District, Sacramento Suburban Water District, and San Juan Water District (individually, "Party" and collectively "Parties").

**TERMS**

The above parties in consideration of the mutual promises set forth in this Amendment, agree as follows:

1. Selection of Consultant and Approval of Study. Sacramento Suburban Water District (SSWD) shall execute the Professional Services Agreement with Raftelis/Tully & Young to perform the Study. The Professional Services Agreement shall be substantially in the form as set forth in Exhibit 1 of this Amendment and incorporated by this reference.
2. Participation in Study. All parties to this Agreement shall agree to provide Raftelis/Tully & Young with the information necessary to prepare the Study.
3. Funding Provisions. The total estimated cost to complete the Study is estimated at \$194,264. The respective share of the cost for each Party to this Agreement are further described in Exhibit 2, attached hereto. Failure to timely remit a Party's share of the funding may result in excluding that Party from the Study or suspension or termination of the Study at SSWD's election. At the conclusion of the Study, SSWD will provide a final accounting to all Parties and return any unused share of Study funds to each Party based on each Party's proportionate share. A not-to-exceed estimate of \$200,000 was established to allow for a contingency in the event of unanticipated expenses. San Juan Water District's expenses for this Study will include both wholesale and retail expenses, which will be accounted for per that District's standard cost allocation methodology, provided that in no event shall costs allocated to SJWD wholesale exceed fifty-one percent of the total costs allocated to SJWD.
4. Cost Accounting. Raftelis/Tully & Young shall separately track the expenses associated with the analysis of the option of consolidation/merger of two or more agencies in Work Activity 3, which is subject to a separate cost allocation that will

be agreed to by the Parties.

5. Term. This MOU shall terminate upon completion of the Study and no later than December 31, 2020, except by mutual agreement of the Parties.
6. Ownership of Materials Related to Services. The Parties agree that any materials prepared and delivered by Raffelis/Tully & Young in the course of conducting the Study shall be considered works made for hire. All rights, title and interests of such materials shall be and are assigned to Sacramento Suburban Water District. The remaining Parties shall have an irrevocable, perpetual, non-exclusive license to use such materials for any purpose. Notwithstanding the foregoing, the Parties recognize that performance of Raffelis/Tully & Young hereunder will require the skills of Raffelis/Tully & Young and therefore, Raffelis/Tully & Young shall retain the right to use, without fee and for any purpose, such "know-how", ideas, techniques and concepts used or developed by Raffelis/Tully & Young in the course of conducting the Study for the Parties.
7. Dispute Resolution. If the Parties disagree on a specific issue and a tie vote ensues on a decision on that issue, the Parties shall meet and confer and negotiate in good faith to resolve the issue. If the Parties are unable to resolve the specific issue in dispute after good faith negotiations, they shall agree to engage an outside mediator to attempt to resolve the disputed issue.
8. Consultant Payment Schedule. SSWD shall pay all costs incurred under the Consultant Agreement according to the schedule set forth in Exhibit A, Appendix C of the Professional Services Agreement. SSWD shall forward all invoices for costs attributable to each Party within fifteen (15) days of receipt. Such Party shall promptly review the invoice and notify SSWD of any objections within thirty (30) days of transmittal of the invoice by SSWD. If a Party has no objections, SSWD shall pay the invoice from funds provided by that Party under the schedule set forth in Exhibit A, Appendix C.

IN WITNESS WHEREOF, this MOU was executed by the parties hereto as of the date first above written.

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Lynette Moreno  
Interim General Manager  
Carmichael Water District

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Hillary Straus  
General Manager  
Citrus Heights Water District

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Marcus Yasutake  
Environmental and Water Resources Director  
City of Folsom

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John Lenahan  
Board President  
Del Paso Manor Water District

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Tim Shaw  
General Manager  
Rio Linda/Elverta Community Water District

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Dan York  
General Manager  
Sacramento Suburban Water District

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Paul Helliker  
General Manager  
San Juan Water District

EXHIBIT 1

Professional Services AGREEMENT

*[Faint, mirrored text from the reverse side of the page, likely bleed-through from the back of the document. The text is illegible due to low contrast and orientation.]*

EXHIBIT 2

COST ALLOCATION

Regional Collaboration/Integration Project

Cost Allocation – All Portions of the Study Except Those Subject to Section 4

1/28/20

Project Cost: \$194,264

Project Cost with 3% Contingency: \$200,000

| Agency – retail and wholesale | Operating budget | %Share by Ops Budget | Cost for Agency – by Budget | Tier | %Share by Tier | Cost for Agency – by Tier |
|-------------------------------|------------------|----------------------|-----------------------------|------|----------------|---------------------------|
| Carmichael Water District     | \$7,869,668      | 9.64                 | \$19,272                    | 2    | 9.75           | \$19,500                  |
| Citrus Heights Water District | \$13,073,299     | 16.01                | \$32,015                    | 3    | 16.75          | \$33,500                  |
| City of Folsom                | \$14,201,768     | 17.39                | \$34,778                    | 3    | 16.75          | \$33,500                  |
| Del Paso Manor WD             |                  | 0.00                 | \$0                         |      | 0.00           |                           |
| Rio Linda/Elverta CWD         | \$2,200,000      | 2.69                 | \$5,387                     | 1    | 2.75           | \$5,500                   |
| Sacramento Suburban WD        | \$23,241,000     | 28.46                | \$56,914                    | 4    | 27.00          | \$54,000                  |
| San Juan Water District*      | \$21,084,900     | 25.62                | \$51,634                    | 4    | 27.00          | \$54,000                  |
| <b>Totals</b>                 |                  | 100.00               | \$200,000                   |      | 100.00         | \$200,000                 |

\* - San Juan Water District costs shall be allocated as set forth in Section 3

**DRAFT****PROFESSIONAL SERVICES AGREEMENT BETWEEN SACRAMENTO  
SUBURBAN WATER DISTRICT AND RAFTELIS/TULLY & YOUNG**

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the Sacramento Suburban Water District (hereinafter referred to as "SSWD"), in conjunction with six neighboring water supply agencies in the Sacramento Region; Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District, Rio Linda/Elverta Community Water District and San Juan Water District (collectively, "Agencies"), and Raftelis/Tully & Young, (hereinafter referred to as "Consultant").

**RECITALS**

SSWD requires the services of Consultant to: See attached Scope of Work as Exhibit A.

Consultant warrants it possesses the distinct professional skills, qualifications, experience, and facilities necessary to timely perform the services described in this Agreement. Consultant acknowledges that Agencies have relied upon said warranties to retain Consultant.

**AGREEMENT**

**NOW, THEREFORE,** SSWD and Consultant hereby agree that the aforementioned recitals are true and correct and further agree as follows:

1. **Retention as Consultant.** SSWD hereby retains Consultant on behalf of Agencies, and Consultant hereby accepts such engagement, to perform the services described in Section 3 below and subject to the terms and conditions contained in this Agreement.
2. **Relationship of Parties – Independent Contractors.** The relationship of the parties shall be that of independent contractors. In no event shall Consultant, or its agents, representatives, employees, consultants, contractors or subcontractors be considered an officer, agent, servant or employee of the SSWD or Agencies. Consultant shall be solely responsible for any workers' compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the performance of the services under this Agreement.
3. **Description of Services.** Consultant shall provide professional services to identify ways the Agencies can become more efficient in working together to

deliver water services to our communities; look for ways to expand coordination and cooperation as well as identify opportunities for integrating programs, services, and activities to create efficiencies, improve results and achieve an overall cost benefit to the community; and study the potential of service coordination and integration as more particularly set forth in Exhibit "A" attached hereto.

**4. Consultant's Responsibilities.** In the performance of services under this Agreement, Consultant shall:

(a) Diligently perform all services required under this Agreement and continuously furnish the necessary personnel to complete such services in a timely manner;

(b) Perform all services under this Agreement in a manner commensurate with industry, professional, and community standards in Consultant's profession;

(c) At its own cost and expense, comply with all statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted;

(d) Obtain and keep in effect during the term of this Agreement, at its sole cost and expense, all necessary licenses, permits, qualifications, insurance, and approvals of whatsoever nature which are legally required of Consultant to practice its profession and to provide the services under this Agreement;

(e) Be readily available to the Management Committee to answer any and all questions, inquiries and correspondence from Agencies or interested persons referred to Consultant by the Management Committee related to the performance of the services under this Agreement;

(f) Discuss and review all matters related to the performance of services under this Agreement with the Management Committee in advance of all critical decision points in order to ensure the work proceeds in a manner consistent with the Agencies' goals and policies; and,

(g) Consultant shall keep and maintain records and invoices related to services provided under this Agreement for a minimum period of three (3) years from the date of final payment to Consultant, or for a longer period as may be required by law. Such records and invoices shall include, but not be limited to, financial records, time sheets, work progress reports, bills and project records. All such records and invoices shall be clearly identifiable, and organized in a reasonable manner.



- (1) Consultant shall make such records and invoices immediately available to SSWD or Agencies upon delivery of a written request to examine, audit, or copy such records and invoices.
- (2) Within three (3) business days of the delivery of a written notice by the Management Committee, Consultant shall prepare and submit a written report to SSWD, with copies for all of the Agencies, identifying the work in progress, charges incurred to date, and the anticipated cost of completion.
- (3) Consultant shall give SSWD thirty (30) days written notice of its intent to destroy or otherwise dispose of the records and invoices to allow SSWD or Agencies an opportunity to take possession.

**5. Compensation and Payment.**

(a) The total compensation payable by SSWD to Consultant for services described in this Agreement **SHALL NOT EXCEED** the sum of \$194,264.00 (hereinafter "not to exceed amount" detailed in "Exhibit A, Appendix C") excluding any subsequently agreed to tasks per Optional Task 4 (see "Exhibit A, Appendix B"), except for such extra services as may be authorized pursuant to Section 6 below. Compensation shall be earned as provided in "Exhibit A, Appendix D".

(b) SSWD shall pay Consultant no later than 30 days after SSWD receives and verifies a written invoice from Consultant in a form satisfactory to the Management Committee. At a minimum, Consultant's invoice shall contain a description of the services performed and/or the specific task completed from Exhibit "A". Consultant shall not submit invoices to SSWD more frequently than once a calendar month.

(c) The compensation set forth in this Agreement shall constitute the total compensation for all costs of the services provided by Consultant, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, typing, duplication, computer time, and any and all other costs, expenses, and charges incurred by Consultant, its agents and employees to provide the services described in this Agreement.

**6. Extra Services.** Consultant shall provide, and SSWD shall pay for, such extra services agreed to in writing by the parties that are not reasonably included within the services described in Section 3 above. The total cumulative compensation for all extra services under this Agreement (excluding the costs for any optional tasks detailed in "Exhibit A, Appendix B" that are subsequently agreed to) shall not be more than 10% of the not to exceed amount.

7. **Term.** The term of this Agreement shall commence on date this agreement is executed by both parties and extend for a period of nine months from the date of execution. The term may be extended by mutual agreement of both parties. For a detailed schedule please see "Exhibit A, Appendix E".

8. **Termination by SSWD or Agencies.** Upon thirty (30) calendar days written notice to Consultant, SSWD or Agencies may terminate any portion or all of the services described in this Agreement. In the event of such termination, Consultant shall have the right and obligation to immediately assemble all work in progress for the purpose of winding up the terminated services. All compensation for actual work performed and charges outstanding at the time of termination shall be payable in accordance with Section 5(b) above.

9. **No Assignment.** No portion of this Agreement shall be assigned or subcontracted by Consultant without SSWD's or Agencies' express written consent. The term "assignment" shall include any sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or party to a joint venture, which results in a change of control of Consultant. Control means fifty percent or more of the voting power, or twenty-five percent or more of the assets of the corporation, partnership or joint-venture.

10. **Project Manager.** Consultant's services under this Agreement shall be performed under the general direction of a Management Committee comprised of representatives from the Agencies, Dan York, or such person as the Agencies may designate.

11. **Ownership of Documents.** All drawings, designs, data, photographs, reports and other documentation prepared or obtained by Consultant in the performance of the services contemplated by this Agreement shall be the property of the Agencies and shall be delivered to the Agencies upon demand.

12. **Confidentiality.** Consultant shall not disclose confidential or proprietary information or knowledge received directly or indirectly from the Agencies to anyone other than Consultant's employees necessary to perform the services described in this Agreement. This obligation shall survive termination and remain in full force and effect until the records kept and maintained pursuant to Section 4(g)(3) above, and any copies thereof, are destroyed or returned to the Agencies.

13. **Hold Harmless and Indemnity.** Consultant agrees to defend, indemnify and hold Agencies, their elected officials, officers, directors, employees, agents and designated volunteers harmless from and against any and all loss, liability, damage, including but not limited to reasonable attorney, consultant and expert fees and/or court costs, caused by (a) the negligent or grossly negligent acts or

willful misconduct of Consultant or (b) the failure by Consultant to properly perform under this Agreement, except for the gross negligence and willful misconduct of Agencies, their elected officials, officers, directors, employees, agents and designated volunteers.

In addition to the above indemnification obligations, Consultant shall correct, at its own expense, all errors in the services provided. Should Consultant fail to make such correction in a timely manner, Agencies shall make the correction and charge the cost thereof to Consultant.

**14. Insurance.** For the duration of this agreement, Consultant shall procure and maintain, at its own cost, insurance in the amounts and under the terms set forth in Exhibit "B" attached hereto against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work to provide the services described in this Agreement by Consultant, its agents, representatives, or employees. Consultant agrees to comply with any changes in the amounts and terms of such insurance as may be required from time to time by the Agencies, upon reasonable written notice.

**15. Acceptance of Final Payment.** Consultant's acceptance of final payment made under this Agreement, by negotiating SSWD's check or otherwise, shall release SSWD and Agencies from all claims and liabilities for compensation under this Agreement.

**16. Acceptance of Work.** The approval, payment and/or acceptance of the work or services performed under this Agreement by SSWD, shall not constitute or be deemed a release of the responsibility or liability of Consultant, its agents, employees, consultants, contractors, and/or subcontractors for the accuracy and competency of the services performed and/or information provided under this Agreement; nor shall such action be deemed an assumption of Consultant's responsibility or liability by SSWD or Agencies for any defect or error in Consultant's services.

**17. Waiver; Remedies.** A party's failure to insist upon the strict performance of any provision of this Agreement by the other party ("breaching party"), irrespective of the length of time for which such failure continues, shall not constitute a waiver of the non-breaching party's right to demand strict compliance in the future. A waiver shall not be effective or binding unless made in writing by the non-breaching party, and may not be implied from any omissions by the non-breaching party. A written waiver shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Agreement.

All of the remedies permitted or available under this Agreement, or at law or in equity, shall be cumulative and alternative, and the invocation of any such right or

remedy shall not constitute a waiver or election of remedies with respect to any other available right of remedy.

18. **Notice.** Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail with copies for all Agencies, postage prepaid, and addressed as follows:

TO SSWD:                    Attention: Dan York  
                                  General Manager  
                                  Sacramento Suburban Water District  
                                  3701 Marconi Avenue  
                                  Sacramento, California 95821

TO CONSULTANT: Raftelis \_\_\_\_\_

Seth Garrison \_\_\_\_\_

**Either party may change such address or contact person by written notice by registered mail to the other.**

19. **Conflict of Interest.** Consultant is unaware of any Agency employee or official that has a financial interest in Consultant's business. During the term of this Agreement and/or as a result of being awarded this Agreement, Consultant shall not offer, encourage, or accept any financial interest in Consultant's business by any Agency employee or official.

20. **Construction of Language.** The provisions of this Agreement have been arrived at through negotiation and each party had a full and fair opportunity to revise the provisions and have them reviewed by legal counsel. The parties agree that any ambiguities in construing or interpreting this Agreement shall not be resolved against either party as the drafting party. In the event of an inconsistency or conflict between the language of this Agreement and an attachment hereto, the language of the Agreement shall control.

21. **Non-Exclusive Agreement.** SSWD and Agencies reserve the right to engage other consultants in connection with the services described in this Agreement.

22. **Entire Agreement.** This Agreement, including the attachments hereto, supersede any other agreements, either oral or written, between the parties with respect to the described services, and this Agreement contains all of the covenants

and agreements between the parties with respect to said services. Any modification to this Agreement must be in writing and signed by both parties.

**23. Partial Invalidity.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have caused this Agreement to be executed on the date first written above.

**CONSULTANT:**

\_\_\_\_\_  
By:  
Title:

**SSWD:**

\_\_\_\_\_  
Dan York  
General Manager

**Exhibits and Further Attachments:**

- Exhibit A – Scope of Work (includes Appendices A through E)
- Exhibit B – Insurance Coverage, Amounts and Terms
- Attachment B – Problem Statement (from RFP)

## Exhibit A

### SCOPE OF WORK

#### REQUESTED SCOPE OF WORK:

##### 1. SERVICES DESIRED:

#### **SCOPE OF WORK ACTIVITY 1**

##### *Describe the Current Environment*

#### **Task 1.1: Project Initiation**

We will use the kick-off meeting to identify important project outcomes and, more importantly, to create a shared vision with engagement. This will happen through the creation of a Collaboration Steering Committee, or Management Committee as described in the RFP, that will be charged with developing a mission statement, key tasks and milestones, and non-negotiables, and identifying potential areas for cooperation.

The Committee will help identify goals related to potential service delivery and successes to build on – this becomes common ground to talk about the development of models of collaboration.

It's critical that the Committee help identify what areas we should focus on outside of the water resource areas, and what areas may be too challenging to attempt right away. The nexus of effort and reward will guide which areas to address first. Quick wins are often better to attempt in the beginning than hard-fought big wins. We will use the Committee to identify the right participants and will maintain communication to ensure all parties are represented and their opinions are reflected in the outcome. By being inclusive at the outset, we will create transparency and advocacy that will help manage change in later phases.

Our team will develop a project plan including an organizational chart and timeline, and a charter to clearly identify expectations, goals, in-scope and out-of-scope activities, success factors and potential risks, key participants, and constraints. Getting buy-in on the project plan and charter from stakeholders and the Committee will be a critical success factor.

#### **Task 1.2: Describe the Utilities and Inventory Services Offered by Each**

A big part of collaboration is understanding what each party does and how they do it. In this task, our team will review and document how each organization operates, including size, structure, governance, and most importantly, culture. Our team has found that simply knowing what services are provided is insufficient. We need to know how the entities do business.

**Task 1.3: Understand Current Collaborations**

Our team will document the current collaborations and understand how they are working. This exercise will allow us to help the agencies understand what is working and what's not working. The lessons learned will be critical for future tasks.

**Task 1.4: Document Existing Information and Approaches**

Our team will collect baseline organization, financial and operational information for each agency through a structured process using an information collection template, augmented by follow-up contact with each agency to clarify data. This information will include items such as, but not limited to, the following listed in Appendix A to this document.

**Task 1.5: Identify Stakeholders and Develop Communications Plan**

Organizations are made up of people, and it's vital to understand the impact change will have on customers, governing bodies, disadvantaged communities, and the workforce. Our team will identify stakeholders and map their interest so we can ensure that we maintain trust, reciprocity, and effective communication.

After identifying and mapping stakeholders, our team will develop a communications plan to ensure that the agencies speak with one voice and through a designated spokesperson when discussing the project with stakeholders.

Further, once the project plan is defined and approved by the Committee; the Participating Agencies may invite other regional agencies to participate. The development of the project plan will include a method to gauge the interest of other governments/utilities that will be used to define how successful participation will be measured. Our team will develop a presentation that can be used to make other stakeholders aware of the project and invite them to participate at milestones, as desired.

Other utilities that are customers of the participating entities that chose not to participate in the Study initially will be engaged through information sharing, as approved by the Committee, and will be encouraged to participate in the study. This process will include steps, such as, but not limited to the following:

- Gather available information from public domain sources (see Section 1.4 for examples).
- Meet with agencies to share information and determine where they may have interest in participating.
- Offer the agencies the ability to work through Raftelis to fill in information request gaps, and invite them to sit in as Study observers.

Note: If Orange Vale Water Company and Fair Oaks Water District become participants, Raffetis reserves the right to revise the contract proportionately to accommodate the costs of additional analysis.

*Task 1.7: Review and Revise Project Charter (Problem Statement)*

Our team will work closely with the Committee to reevaluate the initial problem statements (see Attachment B) defined by the Agencies and recommend any additions or edits as the project progresses, which we will reflect in the project charter.

**SCOPE OF WORK ACTIVITY 2**

***Conduct Benchmarking***

**Task 2.1: Identify Performance Measures and Conduct Peer Benchmarking**

Our team has conducted benchmarking with dozens of water-sector utilities across the country and is responsible for helping to create the AWWA Benchmarking for Performance Indicators guide, as well as the AMWA and NACWA financial benchmark studies. We will use this knowledge to assist the Committee in determining appropriate benchmarks to compare the agencies. The benchmarks will encompass organizational/management, legal/governance, financial, and operational areas.

Using these measures, our team will compare the agencies against selected peers as well as national metrics, after consulting with the Committee about suitable peers.

**SCOPE OF WORK ACTIVITY 3**

***Identify Opportunities for Collaboration***

**Task 3.1: Review Organizational and Governance Structures, Impacts, and Policies**

Working closely with the Committee, our team will review organizational structures, policies, and procedures to identify and quantify the service and redundancies that may exist among the parties, along with the inconsistencies that would need to be resolved associated with recommended changes to service provision. This will include analyzing the efficiency of the Partner Agencies, identifying performance gaps, and providing comments on policy, facilities, staffing, compensation, and maintenance practices. We will also review governance within the framework of decision-making as we assess who will be responsible for service level agreements, performance standards, and monitoring.

For each entity, we will offer to conduct a validation meeting to confirm our preliminary findings and discuss alternatives.



### **Task 3.2: Evaluate the Business Case for Cost Savings Through Shared Services**

Raftelis will identify the potential areas for shared services and discuss them with the Committee. We will then quantify the potential efficiencies that could be gained for each identified activity or service. This effort will consist of comparing the level of effort and resource costs that are needed under various shared service approaches versus the status quo. A Business Case Evaluation (BCE) summary will be prepared that documents the current as-is state, the opportunity for efficiencies under various shared service approaches, the advantages and disadvantages, the potential estimated cost savings, and the potential risks to consider. Raftelis will provide draft BCEs to the Committee for review and comment. After receipt of consolidated comments from the Collaboration Steering Committee, a BCE summary will be finalized. The summary will include the following:

- Identify service delivery strengths and outcomes for each participating organization
- Evaluate gains (estimated cost savings and efficiencies) per participant, and associated potential high-level impact on customers, such as rate impacts
- Quantify increased quality of service, focus on innovation, and increased capacity
- Analyze water resources management opportunities and savings

The spectrum of shared service alternatives may include options ranging from joint contracting with third parties, to shared staff, materials, or equipment, contracted service provision amongst the parties, or full utility consolidation. The financial analysis will give participants an impartial idea of the relative magnitude of savings that each alternative is estimated to offer and will be consistent with the level of analysis used as part of the Phase 1 High-Level Feasibility Analysis for Water Supply Reliability conducted by SJWD and SSWD in 2014.

Raftelis will not develop multi-year consolidated financial or rate models nor associated cost allocations, develop detailed transaction costs, or solicit formal bids from third party contractors. Rather, the goal will be to determine what short-term action items appear to balance collective feasibility, savings, and service level improvements. These financial analyses will consider a range of factors including current water supply capacity rights, paid-in capital, available information on system infrastructure conditions, capital plans, outstanding debt service, and operational expenses and redundancies, in addition to the ratepayer base available to fund these revenue requirements under the alternatives.

Raftelis will identify potential concerns over control and an approach to navigating them. It is critical to set out a change management process – moving from local to shared services may be interpreted as a loss for employees and governing boards. Continued communications efforts supported by Raftelis will

encompass: 1) assessing each affected organizations' willingness, readiness, and ability to change; 2) developing a strategy for change management to address perceived or real losses of identity, control, and jobs; and 3) ensuring that the potential misperception of less responsive services when moving from local to regional provision is addressed.

### **DELIVERABLES**

As noted in the RFP, Raftelis will provide to the Committee a report at the completion of each of the three activities in the scope of work, detailing the information collected, the analysis conducted, and the results and recommendations. The consultant shall also provide the Committee a final report, integrating the results of the three activities and a summary of the complete project. For each deliverable, the Committee will have the opportunity to provide one round of consolidated comments from all the parties and revision requests on a preliminary draft version marked as "classified work product". Reports will be marked "final" following the round of revisions. Participants may choose to make materials public at the Committee's discretion.

### **PROPOSED FEES**

In Appendix C, we provide a full budget broken down by task. Our proposed fee is \$194,264 (not including optional tasks detailed in Appendix B), inclusive of all fees and expenses.

**Exhibit B****INSURANCE COVERAGE**

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

**Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

**Minimum Limits of Insurance**

Consultant shall maintain limits no less than:

1. General Liability, including operations, products and completed operations, as applicable:  
**\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability:  
**\$1,000,000** per accident for bodily injury and property damage.
3. Employer's Liability:  
**\$1,000,000** per accident for bodily injury or disease.

**Deductibles and Self-Insured Retention**

Any deductibles or self-insured retention must be declared to and approved by SSWD. At the option of the Agencies, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agencies, their officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to SSWD guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**Other Insurance Provisions**

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The Agencies, their officers, officials, employees and designated volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agencies, their officers, officials, employees or volunteers.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the Agencies, their officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agencies, their officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the policy including breaches of warranties shall not affect coverage provided to the Agencies, their officers, officials, employees or volunteers.
4. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agencies.

### ***Acceptability of Insurers***

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to SSWD.

### **Verification of Coverage**

Consultant shall furnish SSWD certificates of insurance and endorsement(s) effecting coverage to the Agencies for approval. The endorsements shall be on forms acceptable to SSWD. All certificates and endorsements are to be received and approved by SSWD before work commences. The Agencies reserve the right to require complete, certified copies of all insurance policies required by this section.

## Attachment B Initial List of Problem Statements

### Problem Statements

1. Water supplies in the American River basin are becoming more variable and likely less reliable than in the past, due in part to climate change, environmental regulatory requirements and competing demands.
2. The areas served by the participating agencies were extensively developed during the second half of the last century and the water supply infrastructure installed at that time is in need of repair and replacement.
3. During normal to wet years, various water agencies in the Sacramento region have more water available under their water rights and contracts than necessary to meet customer demands, and use of this surplus water is not optimized.
4. Water supply infrastructure among the agencies in this analysis has varying levels of underutilized collection, treatment, storage and delivery capacity.
5. The agencies in this analysis face various financial and operational challenges in providing services to their customers and performing business functions.
6. The agencies in this analysis face increasing operational costs.
7. The sizes of the agencies in this analysis limit their ability to dedicate staff time to legislative, policy and regulatory issues.

### Goals

The participating agencies will collaborate to:

1. Enhance water supply reliability by optimizing the use of surface water and groundwater supplies. Plan for and develop resilient responses to changes in water supplies that result from climate change and new regulatory requirements.
2. Repair, replace and improve water supply infrastructure and related agency assets in the most efficient and cost-effective manner possible.
3. Provide excellent service and the best value to customers.
4. Achieve more effective advocacy and the best outcomes possible on legislation and regulations in both Sacramento and Washington, D.C.

# Exhibit A Appendices

**Appendix A: Initial Request for Information**

- System Overview
  - Overview description of the water system
  - Water planning information and documents
  - Number and type of facilities
  - Summary asset information
  - Capacity (including any water allocation agreements)
  - Demand and demand projections
- Services
  - # Customers/accounts
  - Services that are self-provided (operational and support)
  - Services that are contracted (operational and support)
  - Services that are centralized or joint contracted across participants
  - Services that are "wish-list" services
- Governance
  - Utility chartering documents and any associated legislation
  - Water rights agreements
  - Memoranda of understanding with other water suppliers
- Financial
  - Budgets (past 3 years including operational expenses and debt service)
  - Comprehensive Annual Financial Reports showing actual performance (3 years)
  - Budget structure documentation (including any cost allocation approach employed internally or by customer base)
  - Capital improvement plans
  - Official statements for debt issuances
  - Summary of fiscal policies
  - Salaries and benefits
- Organization and Staffing
  - Number of staff and position titles
  - Organizational structure (chart with titles)
  - Any organizational performance reports
  - Organizational performance metrics, data, studies, etc.
  - Relevant prior studies and reports looking at collaboration
  - A list of available standard operating procedures (SOPs)

## **Appendix B: Recommended Follow on Tasks**

### **Further Suggestions**

The RFP asked the consulting team to provide “further suggestions to make this study a success.” There are several learnings that we have from prior efforts that we feel are important to communicate. Our experience with implementation of collaborative efforts, in particular, has encouraged us to add the suggested Work Activity 4 elements shown here, which are geared specifically to make this effort a sustainable success.

### **Water Resources Management**

The American River watershed region has taken tremendous strides forward in managing regional water assets. The region has collaborated to protect the Lower American River through the Water Forum process, has reversed the sustained groundwater overdraft that once occurred in the Sacramento Groundwater Basin by establishing the Sacramento Groundwater Authority, and created the Regional Water Authority to open communications among participating entities and better pursue political, regulatory, and financial objectives. The great work that continues to happen under all these efforts will be supported by this collaboration/integration study. The design of our firm’s study seeks to build upon these previous successes, not disturb them. Moreover, the study will consider other details facing the Participating Agencies – like the migration of the Aerojet-Rocketdyne contamination plume, taste and odor issues associated with differing sources of water, and the potential groundwater management changes associated with the Sustainable Groundwater Management Act. Taken together, these broad collaborative processes and subtle water management details will be thoughtfully considered in the context of this study.

### **Implementation Activities**

We find that a lot of conceptual plans for collaboration sit on shelves without a deliberate effort to move them forward. In places like Green Bay and Charlotte, part of the success we have had in moving various efforts forward is helping the participating entities through the first steps of implementation. With this suggested Work Activity 4, the agencies can consider completing independently or with our assistance. It’s offered as a guide to the next steps that might be undertaken.

**WORK ACTIVITY 4: ENHANCEMENT AND IMPLEMENTATION ACTIVITIES CAN BE UNDERTAKEN AT THE CONCLUSION OF THE FIRST THREE ACTIVITIES, AS DESIRED BY THE AGENCIES.**

### **SCOPE OF WORK ACTIVITY 4**

#### ***Enhancement and Implementation***

Raftelis will identify and prioritize the potential improvements and shared services to tackle first and will prepare recommendations and an implementation plan. The intent is to achieve the desired breakthrough performance through innovative and creative solutions. Together with the Committee, Raftelis will establish measures of success to help the parties influence the outcome of the shared service effort and provide implementation assistance as needed.



**Task 4.1: Develop Service Standards (Optional)**

While every utility has differences in how they operate, there are several common performance measures that can be used to provide objective comparisons with peers and between Participating Agencies that quantify more than direct costs and include qualitative measures. Our team will have collected available information to quantify the service standards of the agencies. We will create a business model with a framework for linking partner satisfaction to cost. In this model, value is derived when the utility is accountable for delivering some quality of service for a given cost.

**Task 4.3: Identify the Shared Services Delivery Model (Optional)**

As we narrow down the options for collaboration and sharing services, we will develop an evaluation process to arrive at a recommended method(s) for implementation, and how the activity will be governed. This process will create a weighted scorecard that ranks each opportunity on:

- Improved quality of service/customer satisfaction
- Reduced and avoided costs
- Improved efficiency
- Innovation
- Potential for new revenue streams
- Transfer of knowledge and skills
- Improved working relationships

It will be important to circle back to solidify legal requirements, required changes to governance, and control elements. In addition, we will ensure that risks are identified, discuss these risks with the Committee, and identify and evaluate challenges to achieving desired cost efficiencies. If needed, we will use our human resources expert to consider staffing implications.

**Task 4.4: Identify Potential Pilot Projects (Optional)**

Throughout this process there will likely be opportunities that can make agreements more feasible. Sometimes these moments create small windows of opportunity – for example, a building lease is expiring, and shared office space could be facilitated; changes in leadership occur through attrition; or service contracts are up for bid and there is a potential for a cooperative purchase. These “striking moments” should be readily sought and identified. Together with the Committee, Raftelis will identify potential pilot projects that can build a track record for future expansion. Pilot projects allow for the project to provide service on a temporary basis to see if a long-term shared service model is desirable and can help test an approach to implementation to determine if a phased, parallel, or cutover method is the most advantageous.

**Task 4.5: Prepare Shared Services Report (Optional)**

Raftelis will develop a document detailing the strategy that outlines what the partner entities can accomplish through mutually beneficial collaboration. The document will focus on what is achievable. Specifically, it will address governance, finance, management, and operations and provide a recommended strategy to improve services and facilitate economic efficiencies.

We will document the business case evaluation results, the priority of shared service opportunities, the recommended delivery models to employ, and the potential pilot projects to implement first. The document will summarize a plan for public participation and input. Public participation in the process

of decision-making about shared services and collaboration is a best practice and an opportunity for public officials to be responsive to the varied views of constituents and stakeholders. Raftelis will lead a discussion with the Committee about what level of participation is desired (inform, consult, or involve), and develop a public participation plan to add to the communications plan developed and implemented throughout the project.

**Task 4.6: Present Recommended Plan to Participating Entities' Governing Bodies (Optional)**

Our team will prepare a presentation of the recommended plan to participating governing bodies. The presentation will be provided to the Committee.

**Task 4.7: Develop Transition and Implementation Plan (Optional)**

Raftelis will work with the Committee to develop a transition plan that includes the recommendation of governance options and organizational structures providing clear roles and responsibilities. The transition and implementation plan will:

- Include phased implementation over time
- Discuss and document responsibilities with partners
- Identify and call out critical path milestones
- Identify additional resources that may be needed to implement the recommended organizational structure and schedule such as federal and state labor laws, liquidation of accrued time, union coordination, etc.
- Define entry and exit conditions and build in triggers that prompt review
- Include specific expectations about how services will be delivered and how performance will be measured in the contract or MOU and include an issue resolution framework
- Create a plan for flexibility by recognizing budget constraints, public expectations, and other conditions that may change over time, and develop a way to raise those issues early so they don't threaten the cooperative relationship
- Include in the plan details about how a termination of the shared service would be implemented, including how assets would be dispensed
- Define a dispute resolution process
- Determine who assumes control during emergencies

**Task 4.8: Communicate Collaboration (Optional)**

Trust, reciprocity, transparency, and effective communication are critical to the ongoing success of a shared service relationship. Together with the Committee, we will create a plan to discuss the shared service relationship on an ongoing basis including a set of guiding principles and service expectations for the relationship so all parties can have predictable expectations.

Raftelis will work to update the communications plan and develop an internal and external outreach component to ensure that all stakeholder audiences are aware and knowledgeable of the expectations of the implementation phase of the project.

**Task 4.9: Develop Process to Attract New Collaborative Opportunities (Optional)**

Throughout the project we will be looking for “striking moments” where new collaborative opportunities can be incorporated. Here we will revisit and formalize the path we developed to gauge the interest of other local governments/utilities and include criteria for future expansion to other local water utilities. The ENGAGE – ASSESS – COMPARE – ENHANCE process is intended to be an iterative process that can result in continuous improvement over time. As such, as we work with the agencies and other stakeholders during the project, we will transfer knowledge regarding the evaluation and implementation process so that the organizations can continue to effectively identify and implement other shared services opportunities in the future.

**Task 4.10: Implement Change Management Plan (Optional)**

Building on the elements of change management that have been incorporated thus far, we will implement the change management plan and create a way for the partner agencies to track progress including evaluating experiences and addressing lessons learned.

**Task 4.11: Implementation Assistance (Optional)**

Raftelis will provide as-needed communication and outreach planning, change management, assistance with service level agreements, process mapping, and updates to the web portal so that the project is easily understood and transferrable to new leadership, elected officials, and governing board members.

Appendix C: Revised Detailed Budget

| Tasks   | Number of Meetings | Hours |    |    |    |    |    |    |    |    |    |       | Total | Total Fees & Expenses |
|---|--------------------|-------|----|----|----|----|----|----|----|----|----|-------|-------|-----------------------|
|   |                    | SG    | JA | DB | GT | TY | JM | TC | ZG | ME | LW | Admin |       |                       |
| Work Activity 1: Describe the Current Environment   | 4                  | 58    | 10 | 3  | 52 | 24 | 14 | 68 | 54 | 26 | 6  | 7     | 322   | \$92,192              |
| TASK 1.1: PROJECT INITIATION  | 1                  | 16    | 8  | 1  | 12 | 4  | 2  | 20 | 4  | 2  | 0  | 2     | 71    | \$21,038              |
| TASK 1.2: DESCRIBE THE UTILITIES AND INVENTORY SERVICES OFFERED BY EACH                                       |                    | 4     | 0  | 0  | 4  | 4  | 0  | 8  | 8  | 0  | 0  | 2     | 30    | \$6,770               |
| TASK 1.3: UNDERSTAND CURRENT COLLABORATIONS   | 1                  | 16    | 0  | 0  | 16 | 4  | 2  | 16 | 16 | 2  | 2  | 0     | 74    | \$21,293              |
| TASK 1.4: DOCUMENT EXISTING FINANCIAL INFORMATION AND APPROACHES  |                    | 8     | 0  | 0  | 8  | 8  | 6  | 16 | 16 | 0  | 0  | 1     | 63    | \$15,085              |
| TASK 1.5: IDENTIFY STAKEHOLDERS AND DEVELOP COMMUNICATIONS PLAN (Optional, but recommended)                   | 1                  | 10    | 1  | 1  | 8  | 0  | 4  | 6  | 10 | 20 | 2  | 2     | 64    | \$19,583              |
| TASK 1.6: REVIEW AND REVISE PROJECT CHARTER (PROBLEM STATEMENT)   | 1                  | 4     | 1  | 1  | 4  | 4  | 0  | 2  | 0  | 2  | 2  | 0     | 20    | \$6,423               |
| Work Activity 2: Conduct Benchmarking   | 1                  | 16    | 2  | 1  | 4  | 0  | 2  | 30 | 8  | 0  | 0  | 2     | 65    | \$18,988              |
| TASK 2.1: IDENTIFY PERFORMANCE MEASURES AND CONDUCT PEER BENCHMARKING   | 1                  | 16    | 2  | 1  | 4  | 0  | 2  | 30 | 8  | 0  | 0  | 2     | 65    | \$18,988              |
| Work Activity 3: Identify Opportunities for Collaboration   | 3                  | 48    | 4  | 1  | 60 | 52 | 14 | 40 | 64 | 10 | 4  | 6     | 303   | \$83,084              |
| TASK 3.1: TASK 3.1: REVIEW ORGANIZATIONAL AND GOVERNANCE STRUCTURES, IMPACTS, AND POLICIES                    | 1                  | 32    | 2  | 0  | 48 | 40 | 6  | 20 | 32 | 2  | 0  | 2     | 184   | \$47,743              |
| TASK 3.2: EVALUATE THE BUSINESS CASE FOR COST SAVINGS THROUGH SHARED SERVICES                                 | 2                  | 16    | 2  | 1  | 12 | 12 | 8  | 20 | 32 | 8  | 4  | 4     | 119   | \$35,341              |
| <b>Total Proposed Fees</b>  |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$160,300</b>      |
| <b>Total Proposed Expenses</b>  |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$33,964</b>       |
| <b>Total Proposed Fees &amp; Expenses</b>   |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$194,264</b>      |
| <i>Consolidation Related Fees and Expenses (Included in Total Proposed Fees and Expenses)</i>                 |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$22,445</b>       |
| Work Activity 4: Optional Activities  | 3                  | 68    | 14 | 1  | 24 | 4  | 2  | 80 | 72 | 34 | 0  | 8     | 307   | \$84,924              |
| TASK 4.1: DEVELOP SERVICE STANDARDS   | 1                  | 8     | 0  | 0  | 2  | 0  | 0  | 12 | 6  | 0  | 0  | 0     | 28    | \$10,103              |
| TASK 4.3: IDENTIFY THE SHARED SERVICES DELIVERY MODEL   |                    | 8     | 0  | 0  | 2  | 0  | 0  | 6  | 6  | 0  | 0  | 0     | 22    | \$5,370               |
| TASK 4.4: IDENTIFY POTENTIAL PILOT PROJECTS   |                    | 8     | 0  | 0  | 0  | 0  | 0  | 4  | 8  | 0  | 0  | 0     | 20    | \$4,900               |
| TASK 4.5: PREPARE SHARED SERVICES REPORT  |                    | 4     | 1  | 0  | 4  | 2  | 2  | 16 | 8  | 2  | 0  | 0     | 39    | \$9,375               |
| TASK 4.6: PRESENT RECOMMENDED PLAN TO PARTICIPATING ENTITIES' GOVERNING BODIES                                | 1                  | 8     | 4  | 0  | 4  | 2  | 0  | 8  | 4  | 0  | 0  | 0     | 30    | \$10,913              |
| TASK 4.7: DEVELOP TRANSITION AND IMPLEMENTATION PLAN  | 1                  | 8     | 1  | 1  | 0  | 0  | 0  | 16 | 24 | 6  | 0  | 4     | 60    | \$17,223              |
| TASK 4.8: COMMUNICATE COLLABORATION   |                    | 4     | 0  | 0  | 2  | 0  | 0  | 2  | 2  | 8  | 0  | 4     | 22    | \$5,050               |
| TASK 4.9: DEVELOP PROCESS TO ATTRACT NEW COLLABORATIVE OPPORTUNITIES  |                    | 4     | 2  | 0  | 6  | 0  | 0  | 4  | 2  | 6  | 0  | 0     | 24    | \$6,120               |
| TASK 4.10: IMPLEMENT CHANGE MANAGEMENT PLAN   |                    | 12    | 2  | 0  | 2  | 0  | 0  | 8  | 8  | 4  | 0  | 0     | 36    | \$9,080               |
| TASK 4.11: IMPLEMENTATION ASSISTANCE  |                    | 4     | 4  | 0  | 2  | 0  | 0  | 4  | 4  | 8  | 0  | 0     | 26    | \$6,790               |
| <i>Fees and Expenses for Optional Activities and Tasks (not included in Total Proposed Fees and Expenses)</i> |                    |       |    |    |    |    |    |    |    |    |    |       |       |                       |
| <b>Total Optional Fees</b>  |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$71,795</b>       |
| <b>Total Optional Expenses</b>  |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$13,219</b>       |
| <b>Total Optional Fees &amp; Expenses</b>   |                    |       |    |    |    |    |    |    |    |    |    |       |       | <b>\$84,924</b>       |

Note: Changes from initial proposal include:

- 1.5 & 1.6 combined.
- 1.7 changed to 1.6.

**Appendix D: Compensation**

Compensation shall be on a time and expense basis. Reimbursable expenses shall be billed and paid at cost. Total compensation for Task 1 through Task 3 shall not exceed \$194,264 and for Task 4 shall not exceed \$84,924. Optional Task 4 will be authorized by SSWD if needed. The combined cost of all tasks shall not exceed \$279,188 without prior written authorization from SSWD.

Raftelis Financial Consultants, Inc. Compensation Table is as follows:

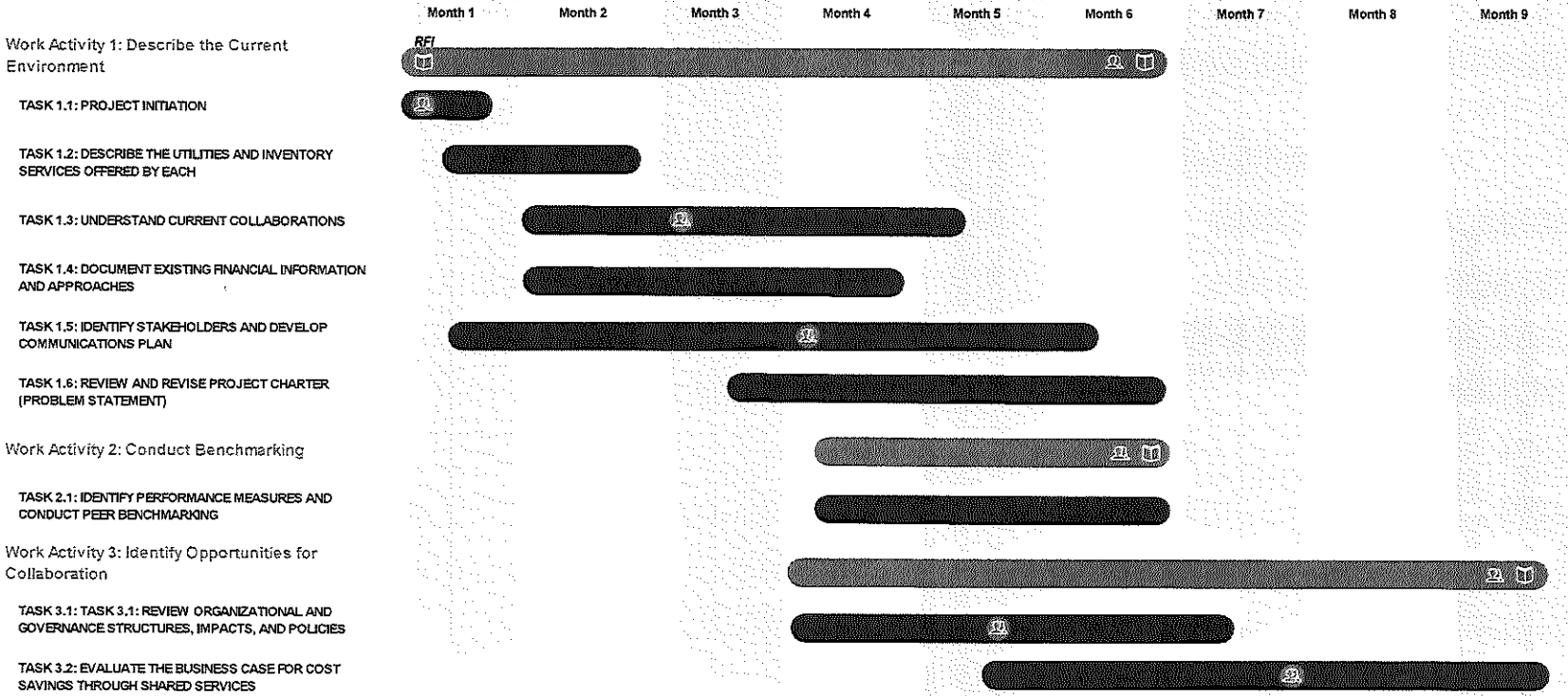
**Raftelis' 2020 Standard Hourly Billing Rates**




| <u>Position</u>                     | <u>Hourly Billing Rate **</u> |
|-------------------------------------|-------------------------------|
| Vice President/Principal Consultant | \$295                         |
| Senior Manager                      | \$265                         |
| Manager                             | \$245                         |
| Senior Consultant                   | \$215                         |
| Consultant                          | \$185                         |
| Associate                           | \$155                         |
| Analyst                             | \$110                         |
| Administration                      | \$85                          |
| <br>                                |                               |
| Technology/Communications Charge*   | \$10                          |

\* Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

\*\* For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by 50%.

**Appendix E: Revised Schedule**



-  In-Person Meetings / Workshops
-  Web Meetings
-  Deliverables

**Note: Changes from initial proposal include:**

- RFI deliverable added.
- No other deliverables were added but a note in the proposal now confirms that all 3 primary deliverables will be delivered as draft confidential work products with a round of review before going final.
- 1.5 & 1.6 combined. 1.5 extended timeframe to account for more intensive 1.6 activities now included which will start earlier in the project to begin attempts to engage Orange Vale and Fair Oaks.
- 1.7 changed to 1.6.
- Work Activity 2 (Task 2.1) shifted out to end at the end of month 6.
- Raftelis will be providing monthly project status updates with invoices and each community may choose to update their board using these tools, or as each deliverable is provided. No board presentations or meetings prior to the final were added.
- Web meetings or calls as part of normal project flow can be scheduled as needed within reason beyond the in-person meetings noted.



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**Items for Discussion and Action  
Agenda Item: 4.5**

**Date:** February 24, 2020

**Subject:** Authorize Letter to RWA: Concerns for Expanding Scope

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

This item was not discussed at the February Executive Committee. Instead, this item was directed by the Board at the January 27, 2020 meeting.

**Current Background and Justification:**

Following the Board Member's report on the January 9<sup>th</sup> Regional Water Authority (RWA) meeting, the Board requested that the GM draft a letter to RWA and bring the draft letter to the February 24<sup>th</sup> Board meeting to Board consideration. The letter is intended to express the District's concerns regarding recent RWA handling of scope expansion issues, e.g. federal affairs.

**Conclusion:**

I recommend the Board authorize submittal of the draft letter with any edits as may be deemed by the Board to be necessary and appropriate.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green \_\_\_\_ Gifford\_\_\_\_ Reisig\_\_\_\_.  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 4.5

Date

**Initial Potential Meeting Date**

2/24/2020

Circle High/Medium/Low priority of Item and Identify if in line with Mission/Goal/Strategic Planning issues or state of emergency

Authorize Letter to RWA: Concerns for Expanding Scope

2/20/2020

**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

**Committee Review of Item and Staff Work**

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

**Formal Legal Counsel Review**

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

**GM Review**

2/20/2020

**Actual Meeting Date Set for Agenda Item**

2/24/2020





**RIO LINDA/ELVERTA  
COMMUNITY  
WATER DISTRICT**

P. O. BOX 400 730 L STREET  
RIO LINDA, CALIFORNIA 95673  
Phone: 916-991-1000

February 24, 2020

Jim Peifer  
Executive Director  
Regional Water Authority  
5620 Birdcage Street, Suite 180  
Citrus Heights, CA 95610

**Re: Concern for Recent Contemplations of Expanding Scope**

Mr. Peifer:

The Rio Linda Elverta Community Water District (District) is writing to express concerns for the recent undertakings by the Regional Water Authority (RWA). Specially, the District is concerned with the contemplated expansion of scope by RWA into new focus areas. Among these are the contemplated expansion of RWA into federal affairs. The District is not only concerned with the diverting of limited RWA resources away from important, exiting objectives of RWA. The District is also concerned with the occluded transparency and governance short cycling employed by RWA for the purposes of attaining RWA Board approval of the expansion.

RWA resources are limited. Allocating resources, attention and time to federal affairs leaves many important and unanimous-benefit issues with less resources. The District believes collaboration among interested RWA member agencies is a more worthy allocation of RWA resources. The District believes collaboration to help mitigate the impacts of a seemingly relentless stream of new mandates and requirements would be more uniformly beneficial to RWA member agencies.

The District also believes expanding the RWA scope into federal affairs is fanning the flames of growing divergence among member agencies. Instead of unifying member agencies, expanding into federal affairs will lead to factions of member agencies. Factions leads to pushing the limits to achieve victory of one faction at the detriment of another. Eventually, the divisive and extreme measures will lead to secession. Suffice to say, all RWA member agencies do not want the same outcomes from RWA exerting influence on the federal government. Those RWA member agencies in the minority faction will eventually ask themselves, 'why fund an advocacy which runs counter to our agency's objectives?'

The District has additional concern for the methods RWA staff and RWA committees used to advance the federal affairs item. This would be a District concern with any consequential item similarly advanced via, omitting documents and failing to embrace the need to enable Board



# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

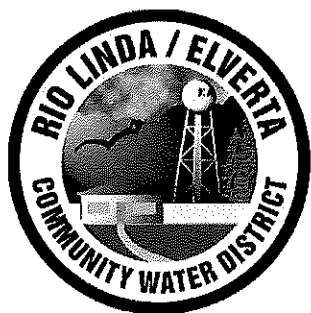
P. O. BOX 400 730 L STREET  
RIO LINDA, CALIFORNIA 95673  
Phone: 916-991-1000

Members to set policy with all the relevant information. The January 9<sup>th</sup> RWA Board packets did **not** include the Federal Affairs Ad Hoc Committee recommendations, which were in a document addressed to the RWA Board Members, dated November 23, 2019, i.e. the document was not included even though it was prepared well in advance of the January 9<sup>th</sup> meeting. The recommendations from the ad hoc committee included cost estimations for the various options and a more comprehensive discussion of the methods and means RWA would exercise if the RWA Board approves the expansion of RWA scope into federal affairs. What could justify omitting this document? What could justify an ad hoc committee for discussion of this issue instead of discussing this issue at, and only at, public meetings of RWA.

Question or concerns may be directed to the District's General Manager, Tim Shaw.

Sincerely,

Jason Green  
President  
RLECWD Board of Directors.



**Items for Discussion and Action  
Agenda Item: 4.6**

**Date:** February 24, 2020

**Subject:** Nomination of RLECWD Board Member for Sac LAFCO Special Districts Advisory Committee

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A This item was not discussed at Committee.

**Current Background and Justification:**

All relevant details are included in the notice from Sacramento County LAFCo.

**Conclusion:**

I recommend the Board consider nominating a Board Member to serve on the Sacramento County Local Agency Formation Commission, Special Districts Advisory Committee.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_\_ Harris:\_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



**DATE:** February 4, 2020  
**TO:** All Independent Special District Boards  
**SUBJECT:** Nominations for Membership on SDAC

You are cordially invited to nominate a Member of your Board to join the Special District Advisory Committee (SDAC). The purpose of the Committee is to provide Sacramento LAFCo with input on issues related to Special Districts, as well as to receive information on issues before the Commission.

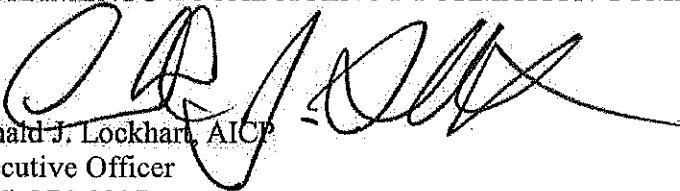
The SDAC membership of seventeen is composed of the two LAFCo Special District Commissioners, and the Alternate Special District Commissioner, and representatives from recreation and park, fire, water, flood control, cemetery and other types of special districts. SDAC members serve 2 year terms without compensation. Currently there are seven (7) vacant seats for Office "A" on the Committee. New members will be selected by the SDAC *Sub-committee on Membership* from the pool of nominees provided by the Special Districts.

SDAC meetings are held quarterly on the fifth Tuesday, or as needed. The SDAC meets at 7:00 PM @ SMUD Customer Service Center (CSC) (6301 S Street) Sacramento, in the Rubicon Room.

A nomination form is attached. If you wish to nominate a member of your Board, please complete the form and return it to LAFCo no later than Thursday, February 27, 2020.

Please feel free to contact me by email or phone if you have questions about this process.  
Very truly yours,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

  
Donald J. Lockhart, AICP  
Executive Officer  
(916) 874-2937  
[Donald.Lockhart@SacLAFCo.org](mailto:Donald.Lockhart@SacLAFCo.org)

Enclosure: Nomination Form  
Current Roster



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SPECIAL DISTRICT ADVISORY COMMITTEE  
**Nomination Form**

*Recommendation to the **SDAC Selection Committee***

In accordance with the bylaws of the Special District Advisory Committee, the  
Governing Board of the \_\_\_\_\_ District  
nominates \_\_\_\_\_ (Board Member)  
for the following position on the SDAC:

Office "A" -two year term (ends 12/31/21)

Signature: Board Chairperson

Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
District Manager or District Secretary

\_\_\_\_\_  
Please print e-mail address

**Please attach resume of Nominee.**

**Please send completed nominations to:**

Donald J. Lockhart, AICP, Assistant Executive Officer.  
Sacramento LAFCo  
1112 "I" Street; Suite 100  
Sacramento CA 95814  
[Donald.Lockhart@Sac LAFCo.org](mailto:Donald.Lockhart@SacLAFCo.org)

Sacramento LAFCo Special District Advisory Committee Membership Roster January, 2020

**OFFICE "A" 1/2020 TERM EXPIRES 12/21**

| Initial | First         | Last | District | Phone | Form 700 | Email address |
|---------|---------------|------|----------|-------|----------|---------------|
|         | <b>Vacant</b> |      |          |       |          |               |
|         |               |      |          |       |          |               |
|         |               |      |          |       |          |               |
|         |               |      |          |       |          |               |
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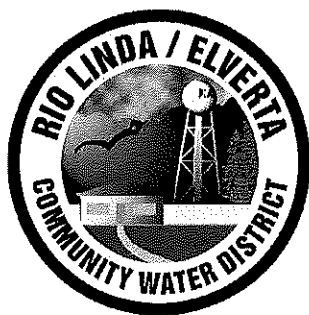
**OFFICE "B" TERMS 1/19 – 12/20**

|  |               |         |                                       |              |  |  |
|--|---------------|---------|---------------------------------------|--------------|--|--|
|  |               |         |                                       |              |  | <a href="mailto:lindsey@sacfarmbureau.org">lindsey@sacfarmbureau.org</a> |
|  | Gary          | Page    | Fair Oaks Water District              | 916-967-5723 |  | <a href="mailto:garypageusa@msn.com">garypageusa@msn.com</a>             |
|  | Carolyn       | Flood   | Fair Oaks Cemetery                    | 916-966-9294 |  | <a href="mailto:carolynflood2@gmail.com">carolynflood2@gmail.com</a>     |
|  | Elliot        | Mulberg | Florin Resource Conservation District | 916-217-8393 |  | <a href="mailto:mulberg@gmail.com">mulberg@gmail.com</a>                 |
|  | Jessica       | Dias    | Fulton-El Camino R&PD                 | 206-550-0458 |  | <a href="mailto:jessicad993@gmail.com">jessicad993@gmail.com</a>         |
|  | Stacey        | Bastian | Rio Linda/ Elverta R&PD               | 916-217-1485 |  | <a href="mailto:stacbastian@yahoo.com">stacbastian@yahoo.com</a>         |
|  | <b>Vacant</b> |         |                                       |              |  |  |

**OFFICE "C" COMMISSIONERS**

|  |         |                   |                                       |  |  |  |
|--|---------|-------------------|---------------------------------------|--|--|--|
|  | Charlea | Moore             | Alternate Commissioner RLE R&PD       | (916)275-3275                              |  | <a href="mailto:charhorseranch@aol.com">charhorseranch@aol.com</a>       |
|  | Gay     | Jones             | Sacramento Metropolitan Fire District | cell: 916-208-0736<br>office: 916-859-4305 |  | <a href="mailto:h2ogay@pacbell.net">h2ogay@pacbell.net</a>               |
|  | Lindsey | Liebig<br>(Chair) | Herald FPD                            | 916-513-1619                               |  | <a href="mailto:lindsey@sacfarmbureau.org">lindsey@sacfarmbureau.org</a> |

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**Items for Discussion and Action**  
**Agenda Item: 4.7**

**Date:** February 24, 2020

**Subject:** Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A

**Current Background and Justification:**

District policy and various statutes stipulate Board approval of any Board Member assignments.

**Conclusion:**

I recommend the Board consider approving any specific nominations and assignments as may be deemed necessary and appropriate.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green \_\_\_\_ Gifford\_\_\_\_ Reisig\_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



**Information Items**  
**Agenda Item: 5.1**

**Date:** February 24, 2020

**Subject:** District Reports

**Staff Contact:** Timothy R. Shaw, General Manager

**1. DISTRICT ACTIVITY REPORT**

1. Operations Report
2. Conservation Report
3. GM Minor Budget Revision



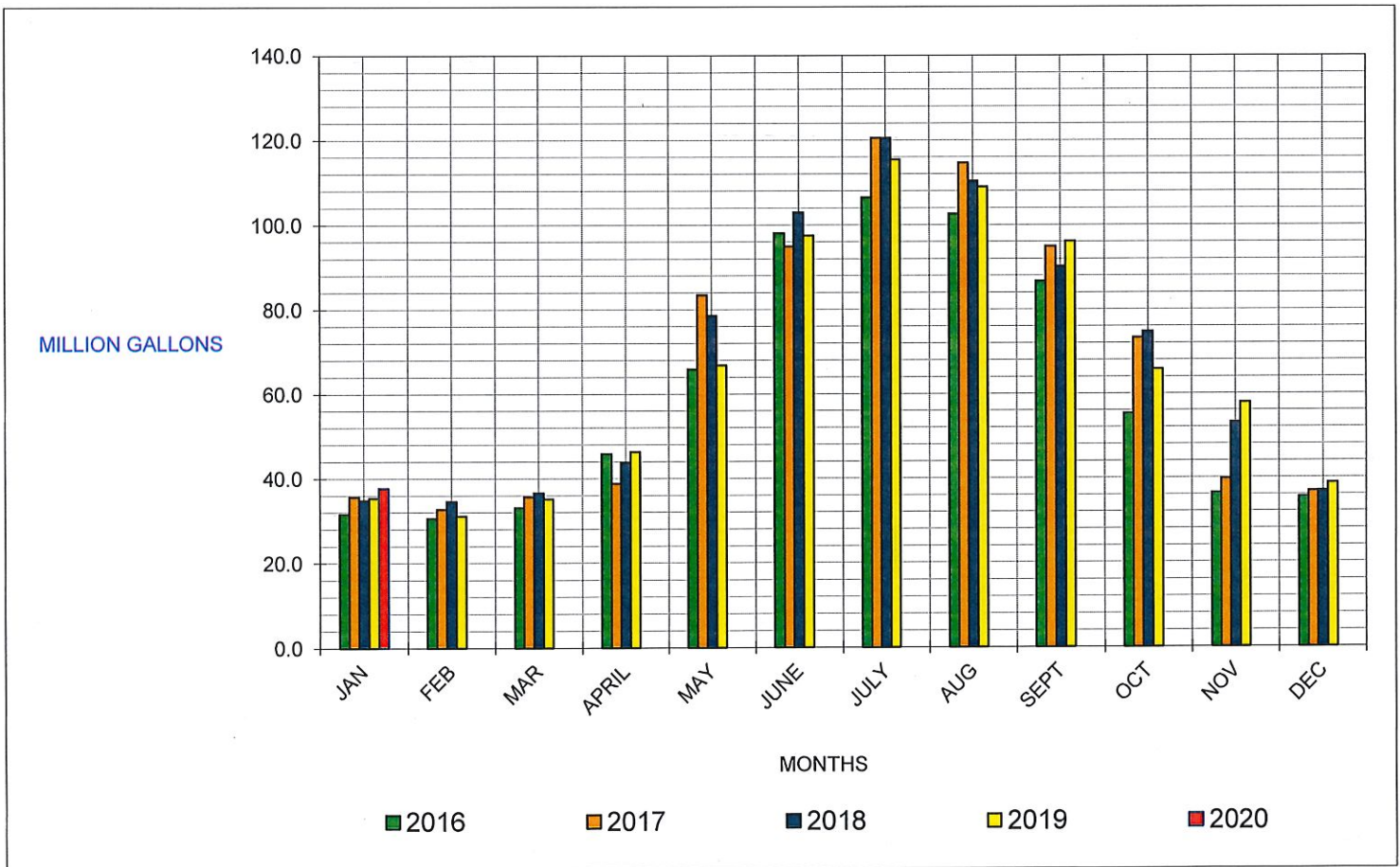


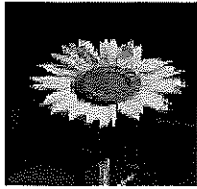
## RIO LINDA/ELVERTA C.W.D.

### WATER PRODUCTION

2015 \ 2019

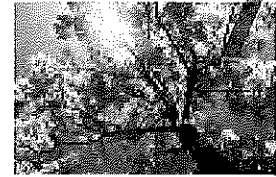
| Water Production in Million Gallons |              |              |              |              |             | SSWD Water Purchases |            |            |            |            |            |
|-------------------------------------|--------------|--------------|--------------|--------------|-------------|----------------------|------------|------------|------------|------------|------------|
| Month                               | 2016         | 2017         | 2018         | 2019         | 2020        | Avg.                 | 2016       | 2017       | 2018       | 2019       | 2020       |
| JAN                                 | 31.5         | 35.6         | 34.8         | 35.3         | 37.6        | 35.0                 | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| FEB                                 | 30.5         | 32.7         | 34.5         | 31.1         |             | 32.2                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| MAR                                 | 33.0         | 35.6         | 36.5         | 35.1         |             | 35.1                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| APRIL                               | 45.8         | 38.8         | 43.7         | 46.3         |             | 43.7                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| MAY                                 | 65.9         | 83.4         | 78.5         | 66.8         |             | 73.7                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| JUNE                                | 98.0         | 94.9         | 102.9        | 97.5         |             | 98.3                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| JULY                                | 106.4        | 120.5        | 120.5        | 115.4        |             | 115.7                | 0.0        | 0.0        | 0.0        | 0.0        |            |
| AUG                                 | 102.6        | 114.6        | 110.3        | 108.9        |             | 109.1                | 0.0        | 0.0        | 0.0        | 0.0        |            |
| SEPT                                | 86.7         | 94.9         | 90.1         | 96.1         |             | 92.0                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| OCT                                 | 55.2         | 73.2         | 74.7         | 65.8         |             | 67.2                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| NOV                                 | 36.3         | 39.7         | 53.1         | 57.8         |             | 46.7                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| DEC                                 | 35.4         | 36.7         | 36.8         | 38.7         |             | 36.9                 | 0.0        | 0.0        | 0.0        | 0.0        |            |
| <b>TOTAL</b>                        | <b>727.3</b> | <b>800.6</b> | <b>816.4</b> | <b>794.8</b> | <b>37.6</b> | <b>784.8</b>         | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |





## Conservation Report

### *January 2020*



|   |   |
|---|---|
| <b>Supplies (kits):</b>   | Shower heads(0) Kitchen Aerators(0) Bathroom Aerators(0) Shower Timer(10) Nozzle(0) Toilet Tabs(2) Moisture Meters(0) Water Bottles(0) Toilet Tummy(0) Retro-Fit Kits(3) Welcome Kits(1) Kids Kit(0)  |
| <b>Water Waste</b><br>(calls, emails, letter, leaks detected, and fixed): | 3 Water Waste Call(s)<br>16 contacts about possible leaks using the AMI system<br>- 7 were called, 1 was mailed, 8 was emailed<br>6 was confirmed resolved as of 1/31/2020  |
| <b>Water Schedule:</b>  | given to customers with all violation letters and new applications  |
| <b>Surveys</b>  | 0   |
| <b>Workshops, Webinar, Meetings:</b>                                      | None  |
| <b>Fines:</b>   | None  |
| <b>Other Tasks:</b>   | <ul style="list-style-type: none"> <li>● Assisted with payments and new customers</li> <li>● Processed Payments</li> <li>● Created/completed work orders</li> <li>● Disconnect properties with no service application</li> <li>● Notified and offered customers the ACH payment method</li> <li>● Closed accounts and final billed customers</li> <li>● Printed stamps</li> <li>● Mailed out application requests to new owners</li> <li>● Scanned and uploaded documents into UMS</li> <li>● Called customers with higher than normal water usage</li> <li>● Water Wise House Call</li> <li>● Created Newsletter for 1/20/2020 billing cycle</li> <li>● Rereads for 1/20/2020 billing cycle</li> </ul> |
| <b>Grant Updates:</b>   | None  |

OPERATING BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|   | JUL-DEC 2019<br>ACTUAL<br>UNAUDITED | CURRENT<br>2019-2020<br>BUDGET | REVISION<br>2019-2020<br>BUDGET | DIFFERENCE         | EXPLANATION   |
|---|-------------------------------------|--------------------------------|---------------------------------|--------------------|---|
| <b>OPERATING EXPENSE</b>                    |                                     |                                |                                 |                    |   |
| <b>60010 PROFESSIONAL FEES</b>              |                                     |                                |                                 |                    |   |
| 60011 General Counsel fees-Legal            | \$7,802.00                          | \$65,000.00                    | \$30,000.00                     | (\$35,000.00)      | Decreased to move \$6K to 60015 and remaining is projected expense  |
| 60012 Auditor Fees                          | 11,212.00                           | 10,731.00                      | 11,212.00                       | 481.00             | Increased to adjust for GASB 75   |
| 60013 Engineering Services                  | 25,000.00                           | 70,000.00                      | 70,000.00                       | 0.00               |   |
| 60015 Other Professional Fees               | 225.00                              | 25,000.00                      | 31,000.00                       | 6,000.00           | Increased to adjust for collaboration study   |
| <b>TOTAL PROFESSIONAL FEES</b>              | <b>44,239.00</b>                    | <b>170,731.00</b>              | <b>142,212.00</b>               | <b>(28,519.00)</b> |   |
| <b>60100 PERSONNEL SERVICES</b>             |                                     |                                |                                 |                    |   |
| <b>60110 Salaries &amp; Wages</b>           |                                     |                                |                                 |                    |   |
| 60111 Salary - General Manager              | 50,714.00                           | 113,344.00                     | 114,113.00                      | 769.00             | Increased per GM contract terms   |
| 60112 Staff Regular Wages                   | 258,908.00                          | 569,444.00                     | 574,189.00                      | 4,745.00           | Increased per MOU contract terms  |
| 60113 Contract Extra Help                   | 0.00                                | 0.00                           | 0.00                            | 0.00               |   |
| 60114 Staff Standby Pay                     | 8,300.00                            | 18,250.00                      | 18,250.00                       | 0.00               |   |
| 60115 Staff Overtime Pay                    | 4,818.00                            | 10,200.00                      | 10,200.00                       | 0.00               |   |
| <b>Total Salaries &amp; Wages</b>           | <b>322,740.00</b>                   | <b>711,238.00</b>              | <b>716,752.00</b>               | <b>5,514.00</b>    |   |
| <b>60150 Employee Benefits and Expenses</b> |                                     |                                |                                 |                    |   |
| 60151 PERS Retirement                       | 61,565.00                           | 124,190.00                     | 124,770.00                      | 580.00             | Increased for projected expense   |
| 60152 Workers Compensation                  | 6,987.00                            | 16,054.00                      | 16,054.00                       | 0.00               |   |
| 60153 Group Insurance                       | 84,583.00                           | 217,740.00                     | 217,740.00                      | 0.00               |   |
| 60154 Retirees Insurance                    | 8,463.00                            | 22,110.00                      | 36,763.00                       | 14,653.00          | Reduction in retiree insurance \$5309 & increase \$20K to reclassify CERBT Plan Contributions per GASB 75. **See note page 6. |
| 60155 Staff Training                        | 200.00                              | 5,000.00                       | 5,000.00                        | 0.00               |   |
| 60157 Uniforms                              | 2,462.00                            | 4,650.00                       | 4,650.00                        | 0.00               |   |
| 60158 Payroll Taxes                         | 27,392.00                           | 56,494.00                      | 56,916.00                       | 422.00             | Increased per contract terms  |
| 60159 Payroll Services                      | 646.00                              | 1,200.00                       | 1,200.00                        | 0.00               |   |
| 60160 457 Employer Contribution             | 4,690.00                            | 9,425.00                       | 9,568.00                        | 143.00             | Increased per GM & MOU contract terms   |
| <b>Total Employee Benefits and Expenses</b> | <b>196,988.00</b>                   | <b>456,863.00</b>              | <b>472,661.00</b>               | <b>15,798.00</b>   |   |
| <b>TOTAL PERSONNEL SERVICES</b>             | <b>\$519,728.00</b>                 | <b>\$1,168,101.00</b>          | <b>\$1,189,413.00</b>           | <b>\$21,312.00</b> |   |

**OPERATING BUDGET 2019-20**  
**3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1**

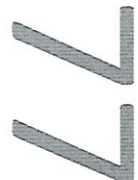
| REVENUE                               | JUL-DEC 2019          | CURRENT               | REVISION              | DIFFERENCE    | EXPLANATION   |
|---------------------------------------|-----------------------|-----------------------|-----------------------|---------------|---|
|                                       | ACTUAL                | 2019-2020             | 2019-2020             |               |   |
|                                       | UNAUDITED             | BUDGET                | BUDGET                |               |   |
| <b>40000 OPERATING REVENUE</b>        |                       |                       |                       |               |   |
| <b>40100 Water Service Rates</b>      |                       |                       |                       |               |   |
| 40101 Basic Service Charge            | 772,344.00            | 1,901,272.00          | 1,901,272.00          | 0.00          |   |
| 40102 Usage Charge                    | 472,615.00            | 656,303.00            | 656,303.00            | 0.00          |   |
| 40105 Backflow Charge                 | 13,154.00             | 25,000.00             | 25,000.00             | 0.00          |   |
| 40106 Fire Prevention                 | 6,552.00              | 13,500.00             | 13,500.00             | 0.00          |   |
| <b>Total Water Service Rates</b>      | <b>1,264,665.00</b>   | <b>2,596,075.00</b>   | <b>2,596,075.00</b>   | <b>0.00</b>   |   |
| <b>40200 Water Services</b>           |                       |                       |                       |               |   |
| 40201 Application Fees                | 3,550.00              | 6,500.00              | 6,500.00              | 0.00          |   |
| 40202 Delinquency                     | 50,354.00             | 80,000.00             | 80,000.00             | 0.00          |   |
| 40209 Misc. Charges                   | 4,456.00              | 12,000.00             | 12,000.00             | 0.00          |   |
| <b>Total Water Services</b>           | <b>58,360.00</b>      | <b>98,500.00</b>      | <b>98,500.00</b>      | <b>0.00</b>   |   |
| <b>40300 Other Water Service Fees</b> |                       |                       |                       |               |   |
| 40301 New Construction QC             | 1,236.00              | 4,000.00              | 4,000.00              | 0.00          |   |
| 40302 Service Connection Fees         | 8,866.00              | 10,000.00             | 10,000.00             | 0.00          |   |
| 40304 Other Operating Revenue         | 1,329.00              | 6,000.00              | 6,000.00              | 0.00          |   |
| 40305 Grant Revenue-Operating         | 900.00                | 0.00                  | 900.00                | 900.00        | Increased for RWA Proposition 84 2015<br>Implementation Grant |
| <b>Total Other Water Service Fees</b> | <b>12,331.00</b>      | <b>20,000.00</b>      | <b>20,900.00</b>      | <b>900.00</b> |   |
| <b>TOTAL OPERATING REVENUE</b>        | <b>1,335,356.00</b>   | <b>2,714,575.00</b>   | <b>2,715,475.00</b>   | <b>900.00</b> |   |
| <b>41000 NON-OPERATING REVENUES</b>   |                       |                       |                       |               |   |
| 41110 Investment Revenue              | 1,488.00              | 400.00                | 400.00                | 0.00          |   |
| 41120 Property Taxes & Assessments    | 2,848.00              | 81,856.00             | 81,856.00             | 0.00          |   |
| <b>TOTAL NON-OPERATING REVENUE</b>    | <b>4,336.00</b>       | <b>82,256.00</b>      | <b>82,256.00</b>      | <b>0.00</b>   |   |
| <b>TOTAL REVENUE</b>                  | <b>\$1,339,692.00</b> | <b>\$2,796,831.00</b> | <b>\$2,797,731.00</b> | <b>900.00</b> |   |

OPERATING BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|  | JUL-DEC 2019<br>ACTUAL<br>UNAUDITED | CURRENT<br>2019-2020<br>BUDGET | REVISION<br>2019-2020<br>BUDGET | DIFFERENCE           | EXPLANATION   |
|--|-------------------------------------|--------------------------------|---------------------------------|----------------------|---|
| <b>60200 ADMINISTRATION</b>                  |                                     |                                |                                 |                      |   |
| 60205 Bank and Merchant Fees                 | \$2,993.00                          | \$4,500.00                     | \$4,500.00                      | \$0.00               |   |
| 60207 Board of Director-Meeting Fees         | 5,975.00                            | 10,770.00                      | 10,770.00                       | 0.00                 |   |
| <b>60210 Building Expenses</b>               |                                     |                                |                                 |                      |   |
| 60211 Office Utilities                       | 2,621.00                            | 6,000.00                       | 6,000.00                        | 0.00                 |   |
| 60212 Janitorial                             | 1,170.00                            | 2,340.00                       | 2,340.00                        | 0.00                 |   |
| 60213 Maintenance                            | 836.00                              | 7,500.00                       | 5,700.00                        | (1,800.00)           | Decreased based on current YTD and prior two FY average |
| 60214 Security                               | 168.00                              | 400.00                         | 400.00                          | 0.00                 |   |
| <b>Total Building Expenses</b>               | <b>4,795.00</b>                     | <b>16,240.00</b>               | <b>14,440.00</b>                | <b>(1,800.00)</b>    |   |
| <b>60220 Computer &amp; Equipment Maint.</b> |                                     |                                |                                 |                      |   |
| 60221 Computer Systems                       | 9,946.00                            | 25,000.00                      | 25,000.00                       | 0.00                 |   |
| 60222 Office Equipment                       | 1,633.00                            | 3,650.00                       | 3,650.00                        | 0.00                 |   |
| <b>Total Computer &amp; Equipment Maint.</b> | <b>11,579.00</b>                    | <b>28,650.00</b>               | <b>28,650.00</b>                | <b>0.00</b>          |   |
| 60230 Office Expense                         | 1,295.00                            | 7,000.00                       | 6,000.00                        | (1,000.00)           | Decreased based on current YTD and prior two FY average |
| 60240 Postage and Delivery                   | 7,995.00                            | 20,000.00                      | 20,000.00                       | 0.00                 |   |
| 60250 Printing                               | 836.00                              | 3,400.00                       | 3,400.00                        | 0.00                 |   |
| 60255 Meetings & Conferences                 | 73.00                               | 4,000.00                       | 4,000.00                        | 0.00                 |   |
| 60260 Publishing                             | 88.00                               | 800.00                         | 800.00                          | 0.00                 |   |
| 60270 Telephone & Internet                   | 1,853.00                            | 5,500.00                       | 5,500.00                        | 0.00                 |   |
| <b>60430 Insurance</b>                       |                                     |                                |                                 |                      |   |
| 60431 General Liability                      | 10,999.00                           | 21,221.00                      | 21,221.00                       | 0.00                 |   |
| 60432 Property                               | 2,806.00                            | 5,611.00                       | 5,611.00                        | 0.00                 |   |
| <b>Total Insurance</b>                       | <b>13,805.00</b>                    | <b>26,832.00</b>               | <b>26,832.00</b>                | <b>0.00</b>          |   |
| <b>60500 Water Memberships</b>               |                                     |                                |                                 |                      |   |
| 60501 SAWWA                                  | 0.00                                | 110.00                         | 110.00                          | 0.00                 |   |
| 60502 Regional Water Authority               | 9,355.00                            | 9,355.00                       | 9,355.00                        | 0.00                 |   |
| 60503 SGA                                    | 24,210.00                           | 24,210.00                      | 24,210.00                       | 0.00                 |   |
| 60504 ACWA                                   | 9,640.00                            | 9,923.00                       | 9,640.00                        | (283.00)             | Decreased to reflect actual expense                     |
| 60505 CSDA                                   | 7,077.00                            | 7,077.00                       | 7,077.00                        | 0.00                 |   |
| 60507 CRWA                                   | 0.00                                | 1,326.00                       | 1,326.00                        | 0.00                 |   |
| <b>Total Water Memberships</b>               | <b>50,282.00</b>                    | <b>52,001.00</b>               | <b>51,718.00</b>                | <b>(283.00)</b>      |   |
| 60550 Permits & Fees                         | 8,762.00                            | 40,000.00                      | 30,000.00                       | (10,000.00)          | Decreased based on current YTD and prior two FY average |
| 60555 Subscriptions & Licensing              | 879.00                              | 2,120.00                       | 2,120.00                        | 0.00                 |   |
| 60560 Elections                              | 0.00                                | 0.00                           | 0.00                            | 0.00                 |   |
| 60565 Uncollectable Accounts                 | 0.00                                | 2,000.00                       | 2,000.00                        | 0.00                 |   |
| 60570 Other Operating Expenditures           | 468.00                              | 500.00                         | 500.00                          | 0.00                 |   |
| <b>TOTAL ADMINISTRATION</b>                  | <b>\$111,678.00</b>                 | <b>\$224,313.00</b>            | <b>\$211,230.00</b>             | <b>(\$13,083.00)</b> |   |
| <b>64000 CONSERVATION</b>                    |                                     |                                |                                 |                      |   |
| 64001 Community Outreach                     | 0.00                                | 300.00                         | 300.00                          | 0.00                 |   |
| 64005 Other Conservation Programs            | 0.00                                | 0.00                           | 0.00                            | 0.00                 |   |
| <b>TOTAL CONSERVATION</b>                    | <b>0.00</b>                         | <b>300.00</b>                  | <b>300.00</b>                   | <b>0.00</b>          |   |



OPERATING BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|  | JUL-DEC 2019<br>ACTUAL<br>UNAUDITED | CURRENT<br>2019-2020<br>BUDGET | REVISION<br>2019-2020<br>BUDGET | DIFFERENCE           | EXPLANATION  |
|--|-------------------------------------|--------------------------------|---------------------------------|----------------------|--|
| <b>65000 FIELD OPERATIONS</b>                |                                     |                                |                                 |                      |  |
| <b>65100 Other Field Operations</b>          |                                     |                                |                                 |                      |  |
| 65110 Backflow Testing                       | \$397.00                            | \$3,000.00                     | \$3,000.00                      | \$0.00               |  |
| 65120 Construction Equipment Maintenance     | 6,440.00                            | 5,500.00                       | 7,500.00                        | 2,000.00             | Increased to adjust for projected costs  |
| 65130 Field Communication                    | 1,216.00                            | 2,600.00                       | 2,600.00                        | 0.00                 |  |
| 65140 Field IT                               | 6,378.00                            | 28,000.00                      | 17,500.00                       | (10,500.00)          | Decreased to reflect Ferguson/Neptune Maint contract change for FY 19-20 only. |
| 65150 Laboratory Services                    | 13,297.00                           | 23,500.00                      | 23,500.00                       | 0.00                 |  |
| 65160 Safety Equipment                       | 481.00                              | 5,000.00                       | 5,000.00                        | 0.00                 |  |
| 65170 Shop Supplies                          | 4,641.00                            | 5,000.00                       | 7,000.00                        | 2,000.00             | Increased to adjust for projected costs  |
| <b>Total Other Field Operations</b>          | <b>32,850.00</b>                    | <b>72,600.00</b>               | <b>66,100.00</b>                | <b>(6,500.00)</b>    |  |
| 65200 Treatment                              | 12,772.00                           | 18,000.00                      | 18,000.00                       | 0.00                 |  |
| <b>65300 Pumping</b>                         |                                     |                                |                                 |                      |  |
| 65310 Maintenance                            | 9,593.00                            | 25,000.00                      | 25,000.00                       | 0.00                 |  |
| 65320 Electricity and Fuel                   | 95,077.00                           | 180,000.00                     | 180,000.00                      | 0.00                 |  |
| <b>Total Pumping</b>                         | <b>104,670.00</b>                   | <b>205,000.00</b>              | <b>205,000.00</b>               | <b>0.00</b>          |  |
| <b>65400 Transmission &amp; Distribution</b> |                                     |                                |                                 |                      |  |
| 65410 Distribution Supplies                  | 20,090.00                           | 37,000.00                      | 37,000.00                       | 0.00                 |  |
| 65420 Meter Maintenance                      | 40,207.00                           | 56,600.00                      | 67,100.00                       | 10,500.00            | Increased to adjust for projected costs  |
| 65430 Tank Maintenance                       | 0.00                                | 3,000.00                       | 3,000.00                        | 0.00                 |  |
| 65440 Contract Repairs                       | 2,400.00                            | 21,000.00                      | 21,000.00                       | 0.00                 |  |
| 65450 Valve Replacements                     | 0.00                                | 35,000.00                      | 35,000.00                       | 0.00                 |  |
| 65460 Paving Repairs                         | 8,500.00                            | 25,000.00                      | 25,000.00                       | 0.00                 |  |
| <b>Total Transmission &amp; Distribution</b> | <b>71,197.00</b>                    | <b>177,600.00</b>              | <b>188,100.00</b>               | <b>10,500.00</b>     |  |
| <b>65500 Transportation</b>                  |                                     |                                |                                 |                      |  |
| 65510 Fuel                                   | 5,826.00                            | 13,000.00                      | 13,000.00                       | 0.00                 |  |
| 65520 Maintenance                            | 1,735.00                            | 6,000.00                       | 6,000.00                        | 0.00                 |  |
| <b>Total Transportation</b>                  | <b>7,561.00</b>                     | <b>19,000.00</b>               | <b>19,000.00</b>                | <b>0.00</b>          |  |
| <b>TOTAL FIELD OPERATIONS</b>                | <b>\$229,050.00</b>                 | <b>\$492,200.00</b>            | <b>\$496,200.00</b>             | <b>\$4,000.00</b>    |  |
| <b>TOTAL OPERATING EXPENSES</b>              | <b>\$904,695.00</b>                 | <b>\$2,055,645.00</b>          | <b>\$2,039,355.00</b>           | <b>(\$16,290.00)</b> |  |

OPERATING BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|                                     | JUL-DEC 2019<br>ACTUAL<br>UNAUDITED | CURRENT<br>2019-2020<br>BUDGET | REVISION<br>2019-2020<br>BUDGET | DIFFERENCE           | EXPLANATION   |
|-------------------------------------|-------------------------------------|--------------------------------|---------------------------------|----------------------|---|
| <b>NON OPERATING EXPENSES</b>       |                                     |                                |                                 |                      |   |
| <b>69010 Debt Service</b>           |                                     |                                |                                 |                      |   |
| 69100 Revenue Bond 2015             |                                     |                                |                                 |                      |   |
| 69105 Revenue Bond 2015-Principle   | 55,015.00                           | 139,015.00                     | 139,015.00                      | 0.00                 | Per Loan Payment Schedule   |
| 69120 Interest                      | 31,270.00                           | 61,717.00                      | 61,717.00                       | 0.00                 | Per Loan Payment Schedule   |
| <b>Total Revenue Bond 2015</b>      | <b>86,285.00</b>                    | <b>200,732.00</b>              | <b>200,732.00</b>               | <b>0.00</b>          |   |
| <b>69125 AMI Meter Loan</b>         |                                     |                                |                                 |                      |   |
| 69130 Principle                     | 23,955.00                           | 48,281.00                      | 48,281.00                       | 0.00                 | Per Loan Payment Schedule   |
| 69135 Interest                      | 5,302.00                            | 10,233.00                      | 10,233.00                       | 0.00                 | Per Loan Payment Schedule   |
| <b>Total AMI Meter Loan</b>         | <b>29,257.00</b>                    | <b>58,514.00</b>               | <b>58,514.00</b>                | <b>0.00</b>          |   |
| 69400 Other Non Operating Expense   | 0.00                                | 2,000.00                       | 38,290.00                       | 36,290.00            | Amount for future potential allocation                                      |
| <b>TOTAL NON OPERATING EXPENSES</b> | <b>\$115,542.00</b>                 | <b>\$261,246.00</b>            | <b>\$297,536.00</b>             | <b>\$36,290.00</b>   |   |
|                                     |                                     |                                |                                 |                      | **Total Expense offset by reallocation of CERBT contributions reclassified. |
| <b>TOTAL EXPENSE</b>                | <b>\$1,020,237.00</b>               | <b>\$2,316,891.00</b>          | <b>\$2,336,891.00</b>           | <b>\$20,000.00</b>   |   |
| <b>NET INCOME (Income-Expense)</b>  | <b>\$319,455.00</b>                 | <b>\$479,940.00</b>            | <b>\$460,840.00</b>             | <b>(\$19,100.00)</b> |   |



OPERATING BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|  | JUL-DEC 2019<br>ACTUAL<br>UNAUDITED | CURRENT<br>2019-2020<br>BUDGET | REVISION<br>2019-2020<br>BUDGET | DIFFERENCE    | EXPLANATION  |
|--|-------------------------------------|--------------------------------|---------------------------------|---------------|--|
| <b>OPERATING FUND BALANCE</b>              |                                     |                                |                                 |               |  |
| Operating Account Balance June 30          |                                     | \$634,536.00                   | \$634,536.00                    |               |  |
| Net Revenue                                |                                     | \$479,940.00                   | \$460,840.00                    |               |  |
| Transfer to CERBT Funds                    |                                     | (\$20,000.00)                  | \$0.00                          | (20,000.00)   | **Reduced to reclassify to GL 60154 per GASB 75.<br>Refer to page 2 GL 60154 |
| Transfer to GL 10010 Operating Reserve     |                                     | (\$50,000.00)                  | (\$50,000.00)                   |               |  |
| Transfer to Capital Improvement Funds      |                                     | (409,940.00)                   | (410,840.00)                    | 900.00        | Increased to adjust for available funds                                      |
| Estimated Operating Fund Balance June 30   |                                     | \$634,536.00                   | \$1,095,376.00                  | (\$19,100.00) |  |
| <b>SURCHARGE 1 FUND BALANCE</b>            |                                     |                                |                                 |               |  |
| Surcharge 1 Fund Balance June 30           |                                     | \$565,413.00                   | \$565,413.00                    |               |  |
| 43010 Surcharge Revenue                    |                                     | 523,374.00                     | 523,374.00                      | 0.00          |  |
| 41110 Investment Revenue                   |                                     | 8,000.00                       | 11,000.00                       | 3,000.00      | Increased for projected revenue  |
| 69155 SRF Principle                        |                                     | (351,403.00)                   | (351,403.00)                    | 0.00          |  |
| 69160 SRF Interest                         |                                     | (109,952.00)                   | (109,952.00)                    | 0.00          |  |
| 69220 SRF Administration                   |                                     | (2,100.00)                     | (2,100.00)                      | 0.00          |  |
| Estimated Surcharge 1 Fund Balance June 30 |                                     | \$633,332.00                   | \$636,332.00                    | \$3,000.00    |  |
| <b>SURCHARGE 2 FUND BALANCE</b>            |                                     |                                |                                 |               |  |
| Surcharge 2 Fund Balance June 30           |                                     | \$71,936.00                    | \$71,936.00                     |               |  |
| 43050 Surcharge 2 Revenue                  |                                     | 439,019.00                     | 439,019.00                      | 0.00          |  |
| 41110 Investment Revenue                   |                                     | 20.00                          | 800.00                          | 780.00        | Increased for projected revenue  |
| Surcharge 2 Surplus Repayment              |                                     | (110,201.00)                   | (110,201.00)                    | 0.00          |  |
| 69180 Principle                            |                                     | (210,000.00)                   | (210,000.00)                    | 0.00          |  |
| 69185 Interest                             |                                     | (118,818.00)                   | (118,818.00)                    | 0.00          |  |
| Estimated Surcharge 2 Fund Balance June 30 |                                     | \$71,956.00                    | \$72,736.00                     | \$780.00      |  |
| <b>LAIF FUND (CAPACITY FEES) BALANCE</b>   |                                     |                                |                                 |               |  |
| LAIF Fund Balance June 30                  |                                     | \$205,000.00                   | \$205,000.00                    |               |  |
| 44100 Capacity Fee Revenue                 |                                     | 40,000.00                      | 100,000.00                      | 60,000.00     | Increased for projected revenue  |
| 41110 Investment Revenue                   |                                     | 500.00                         | 3,500.00                        | 3,000.00      | Increased for projected revenue  |
| Estimated LAIF Fund Balance June 30        |                                     | \$245,500.00                   | \$308,500.00                    |               |  |

\*\* NOTE: GASB 75 requires the Districts CERBT Plan contributions are recorded as expenses. The expense will reduce the OPEB Unfunded Liability at FYE.

CAPITAL BUDGET 2019-20

February 24, 2020

3.07.500 Minor Revisions and reallocations between line items by General Manager; Revision 1

|   | GENERAL      | CHROMIUM<br>MITIGATION &<br>NEW WELLS | VEHICLE<br>REPLACEMENT | TOTAL        |
|---|--------------|---------------------------------------|------------------------|--------------|
| <b>ESTIMATED BEGINNING BALANCE</b>            | 1,903,391.00 | (29,592.00)                           | 10,000.00              | 1,883,799.00 |
| <b>FUNDING SOURCES</b>                        |              |                                       |                        |              |
| Fund Transfers                                |              |                                       |                        |              |
| Operating Fund Transfers In                   | 409,940.00   | 0.00                                  | 0.00                   | 409,940.00   |
| CIP Fund Intrafund Transfers                  | (5,000.00)   | 0.00                                  | 5,000.00               | 0.00         |
| Surcharge 2 Surplus Repayment                 | 0.00         | 110,201.00                            | 0.00                   | 110,201.00   |
| Contributed Funding                           |              |                                       |                        |              |
| Contributed Facilities (Developers)           | 0.00         | 0.00                                  | 0.00                   | 0.00         |
| Grant Revenue                                 | 0.00         | 400,000.00                            | 0.00                   | 400,000.00   |
| Loan Proceeds                                 | 0.00         | 450,000.00                            | 0.00                   | 450,000.00   |
| Investment Revenue                            | 4,500.00     | 0.00                                  | 0.00                   | 4,500.00     |
| Sale of Fixed Assets                          | 0.00         | 0.00                                  | 0.00                   | 0.00         |
| <b>TOTAL FUNDS AVAILABLE FOR CIP PROJECTS</b> | 2,312,831.00 | 930,609.00                            | 15,000.00              | 3,258,440.00 |
| <b>PROJECTS</b>                               |              |                                       |                        |              |
| <b>A · WATER SUPPLY</b>                       |              |                                       |                        |              |
| A-1 · Well XX - Cr6 Treatment/Design          | 0.00         | 50,000.00                             | 0.00                   | 50,000.00    |
| A-2 · Well 16                                 | 0.00         | 800,000.00                            | 0.00                   | 800,000.00   |
| A-3 · Miscellaneous Pump Replacements         | 40,000.00    | 0.00                                  | 0.00                   | 40,000.00    |
| <b>Total A · WATER SUPPLY</b>                 | 40,000.00    | 850,000.00                            | 0.00                   | 890,000.00   |
| <b>B · WATER DISTRIBUTION</b>                 |              |                                       |                        |              |
| B-1 · Service Replacements                    | 30,000.00    | 0.00                                  | 0.00                   | 30,000.00    |
| B-2 · Large Meter Replacements                | 5,000.00     | 0.00                                  | 0.00                   | 5,000.00     |
| <b>Total B · WATER DISTRIBUTION</b>           | 35,000.00    | 0.00                                  | 0.00                   | 35,000.00    |
| <b>C · CONTINGENCY</b>                        |              |                                       |                        |              |
| C-1 · Contingency (10% of Est A,B,M)          | 7,500.00     | 85,000.00                             | 0.00                   | 92,500.00    |
| <b>TOTAL BUDGETED PROJECT EXPENDITURES</b>    | 82,500.00    | 935,000.00                            | 0.00                   | 1,017,500.00 |
| <b>ESTIMATED ENDING BALANCE</b>               | 2,230,331.00 | (4,391.00)                            | 15,000.00              | 2,240,940.00 |

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## Information Items Agenda Item: 5.2

**Date:** February 24, 2020

**Subject:** Board Reports

**Staff Contact:** Timothy R. Shaw, General Manager

### 2. BOARD REPORTS

1. Announce ad hoc committee(s) dissolved by requirements in Policy 2.01.065
2. Regional Water Authority – Gifford (Primary), Shaw
3. Sacramento Groundwater Authority – Harris (Primary), Reisig
4. Executive Committee – Harris, Jason Green
5. ACWA/JPIA –Ridilla
6. Ad Hoc Committees – Forman Position Negotiations – Shaw, Harris,
7. Other Reports

**SACRAMENTO GROUNDWATER AUTHORITY  
SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**Thursday, February 13, 2020; 9:00 a.m.**

**3701 Marconi Avenue, Suite 100**

**Sacramento, CA 95821**

**(916) 972-7171**

**AGENDA**

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors may consider any agenda item at any time during the meeting.

**1. CALL TO ORDER AND ROLL CALL**

**2. PUBLIC COMMENT:** Members of the Public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

**3. CONSENT CALENDAR**

Approval of the minutes from the December 12, 2019 SGA Board meeting has been deferred to the April 2020 SGA Board meeting.

**4. 2019 AUDIT REPORT**

Information Presentation: Peggy Vande Vooren, Gilbert Associates, Inc.

**Action: Accept 2019 Financial Audit report**

**5. DEVELOPMENT OF SGA FISCAL YEAR 2020 – 2021 BUDGET**

Information Presentation and Discussion: Josette Reina-Luken, Finance and Administrative Services Manager

**Action: Chair to Appoint Budget Subcommittee for Fiscal Year 2020 - 2021**

**6. NORTH AMERICAN SUBBASIN GROUNDWATER SUSTAINABILITY PLAN DEVELOPMENT UPDATE**

Information Presentation and Discussion: Rob Swartz, Manager of Technical Services

**7. GROUNDWATER MANAGEMENT PROGRAM UPDATE**

Information Update: Rob Swartz, Manager of Technical Services

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

**ADJOURNMENT**

**Next SGA Board of Director's Meeting** – April 9, 2020 at 9:00 a.m. at the RWA/SGA office,  
5620 Birdcage Street, Suite 110, Citrus Heights

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <http://www.sgah2o.org/meeting/board-meetings/>

**Minutes**  
**Rio Linda / Elverta Community Water District**  
**Executive Committee**

Visitors/Depot Center  
6730 Front Street  
Rio Linda, CA 95673

**82**  
February 3, 2020  
6:00 p.m.

Minutes: The meeting was called to order at 6:00 P.M. The meeting was attended by Director Reisig, Director Green, General Manager Tim Shaw and Contract District Engineer Mike Vasquez. There were no members of the public in attendance

**Call to Order: 6:00 P.M.**

**Public Comment: None Present**

**Items for Discussion:**

|    |   |
|----|---|
| 1. | Update from Contract District Engineer.   |
|    | <i>Mike Vasquez summarized his written report to the Committee and provided additional detail on the status of the Well 16 construction contract award to Anvil Builders.</i>   |
| 2. | Review and discuss the expenditures of the District for the month of December 2019.   |
|    | <i>The committee reviewed the report of expenditures and Director Reisig asked about the relatively large expenditure to Domenichelli and Associates. Tim Shaw explained that the expense is for design of the Well 16 Pumping Station and reminded the Committee about the lag in time from invoice, to payment to report.</i><br><i>The Executive Committee forwarded this item onto the February 24<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.</i>  |
| 3. | Review and discuss the financial reports for the month of December 2019.  |
|    | <i>The Executive Committee forwarded this item onto the February 24<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.</i>   |
| 4. | Discuss the GM minor budget revision.   |
|    | <i>Tim Shaw referred to his written report on this item and reminded the Committee about the Board discussion on the GM minor budget revision at the January 27<sup>th</sup> Board meeting. Tim Shaw further explained some of the under-spent (costs are less than originally budgeted) and the line items which may require additional funding.</i><br><i>The Board, at the January 27<sup>th</sup> meeting has already directed staff to bring the final GM minor revised budget to the February 24<sup>th</sup> Board meeting. Such item is not an action item. It will allow for Board discussion.</i> |
| 5. | Discuss request for ag lease and the need for weed abatement of Well 14 parcel.   |
|    | <i>Tim Shaw continued from his written agenda item report and conveyed that the District had not yet received a written request from the interested party who stopped by the office with an informal inquiry. The general attitude expressed by the Committee was that it is something we should explore if the interested party is legitimately exploring a mutually beneficial arrangement.</i><br><i>Tim Shaw conveyed that he would keep the door open for dialog with the interested party.</i>  |

|  |
|--|
| <p>6. Discuss Regional Water Agencies Collaboration Study agreement (MOU).</p>   |
| <p><i>The Executive Committee reviewed and discussed the proliferation of this project, as well as the benefits to RLECWD and exclusions (not paying for any components charged for consolidation study). Tim Shaw advised that the MOU included with the Committee packets is draft, and that a final version, in addition to final versions of appurtenant documents will be ready in time for the February 24<sup>th</sup> Board meeting.</i></p> <p><i>The Committee forwarded this item onto the February 24<sup>th</sup> agenda with the Committee's recommendation for Board approval.</i></p>  |
| <p>7. Discuss paperless billing and incentives to promote paperless billing enrollment.</p>  |
| <p><i>Tim Shaw introduced the item and dovetailed from the written agenda item report. The timing is right for moving forward with this next step in the evolution of billing and payments at RLECWD. Additional refinements and confirmations on the approximate cost for paper billing, common landlord-tenant accounts involving multiple properties managed by a property management entity, and the method for adoption (resolution, policy or ordinance) that best fits this option should be further advanced prior to being ready for a Board action.</i></p> <p><i>Generally, the Executive Committee supports moving forward and concurs with the recommendations from the General Manager. Accordingly, the Executive Committee directed the General Manager to continue efforts to bring this for Board consideration at a future Board meeting.</i></p> |
| <p>8. Discuss date, time and location of the March 2, 2020 Executive Committee meeting.</p>  |
| <p><i>The Executive Committee chose March 2<sup>nd</sup> at 6:00 P.M at Sac Metro Fire Station 111 and directed staff to seek a reservation with Sac Metro Fire.</i></p> <p><i>Subsequent to the Executive Committee meeting, Sac Metro Fire responded that Station 111 is <b>NOT</b> available on March 2<sup>nd</sup>. Staff is coordinating with Director Green to consider options.</i></p>  |

**Directors' and General Manager Comments**

**Adjournment: 7:27**

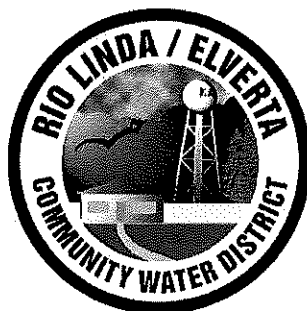
Next Executive Committee meeting: Monday, March ?, 2020 at 6:00 p.m. ? ("?" are due to election use of Depot)



**PENDING AND COMPLETED ITEMS  
2-24-2020 BOARD OF DIRECTORS MEETING**

1. **Update the District's Capital Improvement Projects List.** The February 3<sup>rd</sup> Executive Committee did not discuss the Capital Improvement Projects List. **Pending**
2. **SB-998 Implementation.** The Discontinuation of Residential Service for Nonpayment policy was approved by the Board at the January 27<sup>th</sup> Meeting. **Completed**
3. **SB-606 and AB-1668 planning for compliance .** The RFP for rate adjustment and restructuring was published today, February 20<sup>th</sup>. This is the first substantive step for implementing compliance with water use efficiency state mandates (unfunded) **Pending**
4. **SB 13** The January 27<sup>th</sup> Board meeting provided direction to retain the existing District Policy on requiring a separate water connection for detached accessory dwelling units (ADUs) **Completed.**
5. **Transition to Cloud-Based Service for District's Advanced Metering Infrastructure (AMI) Vendor** the District authorized a new module required by our billing software vendor (CUSI), which is a necessary prerequisite to transitioning the AMI software to cloud-based service. Staff will also meet next week with the IT service provider (Adept Solutions) to schedule the termination of services for the on-site Neptune server being obviated by the transition to cloud-based service. **Pending**
6. **Execution of Task Order Agreements for Construction Supervision** The first Task Order for construction management services with EKI was executed. **Compete.**
7. **Filling the at Distribution System Operator vacancies,** the District posted the employment opportunity notices and sent recruitment letters to 625 persons with the proper operator licenses. The Operations Superintendent and GM are closely coordinating additional measures to mitigate the impact of the recent vacancies. **Pending**





## **Agenda Item: 6**

**Date:** February 24, 2020

**Subject:** Public Comment for Closed Session

**Staff Contact:** Timothy R. Shaw, General Manager

### **6. PUBLIC COMMENT FOR CLOSED SESSION**

Public comment for closed session items only. The public is invited to comment on any item listed on the closed session agenda. Each speaker is limited to 2 minutes.



**Closed Session  
Agenda Item: 7.1**

**Date:** February 24, 2020

**Subject:** Closed Session

**Staff Contact:** Timothy R. Shaw, General Manager

7. **CLOSED SESSION** - The Board of Directors will convene to Closed Session to discuss the following item.

**CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54957.6) District Negotiators, Shaw.  
RLECWD Employee General Unit, Teamster Local 150: Meet and Confer associated with position description proposed revisions.



**Reconvene Open Session  
Agenda Item: 8.1**

**Date:** February 24, 2020

**Subject:** Report of Action Taken in Closed Session

**Staff Contact:** Timothy R. Shaw, General Manager

**8.1 Report of Action Taken in Closed Session**

The Board will disclose any reportable actions taken and/or directed in closed session.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent