

**SPECIAL  
ADMINISTRATION AND FINANCE  
COMMITTEE MEETING  
AND  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS**



602 E. Huntington Drive, Suite B  
Monrovia, CA 91016

(626) 443-2297  
www.upperdistrict.org

**Tuesday, July 13, 2021  
4:00 P.M.**

**Committee Members:**

Jennifer Santana, Chair  
Tony R. Fellow, Vice-Chair

**SPECIAL NOTICE - Teleconference Accessibility**

*Pursuant to Executive Order N-29-20 issued by Governor Newsom in response to the COVID-19 outbreak, the Upper District will hold this meeting via teleconference or the most rapid means of communication available at the time. Instructions to participate in the teleconference are below:*

**Attendee Join Zoom Webinar**

**<https://us02web.zoom.us/j/87331207524>**

**Telephone Dial: 1 (669) 900-6833**

**Webinar ID: 873 3120 7524**

*Public comments may be made through teleconference when prompted by the Chair during the public comment period. Public comments may also be provided by emailing [Venessa@usgvmwd.org](mailto:Venessa@usgvmwd.org) in advance of the meeting. Please indicate "PUBLIC COMMENT" in the subject line.*

*If you have difficulty connecting to the teleconference line, please call (626) 443-2297 or email [Ruben@usgvmwd.org](mailto:Ruben@usgvmwd.org). It may take a few minutes to join Zoom or connect via telephone so please join early.*

\*The Administration and Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Administration and Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. To preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administration and Finance Committee will not vote on matters before the Committee.

**Communications**

1. Call to Order
2. Public Comment

**Discussion/Action**

3. Quarterly Investment Update – June 30, 2021. *(Quarterly report attached. A representative from Chandler Asset Management will be in attendance to provide a presentation.)*
4. Amendments to Policy Manual. *(Staff memorandum enclosed.)*

**Oral Reports**

5. Preliminary Financial Report – June 30, 2021

**Other Matters**

- 7.

**Adjournment**

**Next Meeting:** Tuesday, August 3, 2021.



**American Disabilities Act Compliance** *(Government Code Section 54954.2(a))*

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or [valeria@usgvmwd.org](mailto:valeria@usgvmwd.org) at least 24 hours prior to meeting.



# Upper San Gabriel Valley Municipal Water District

*Period Ending June 30, 2021*

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | [www.chandlerasset.com](http://www.chandlerasset.com)

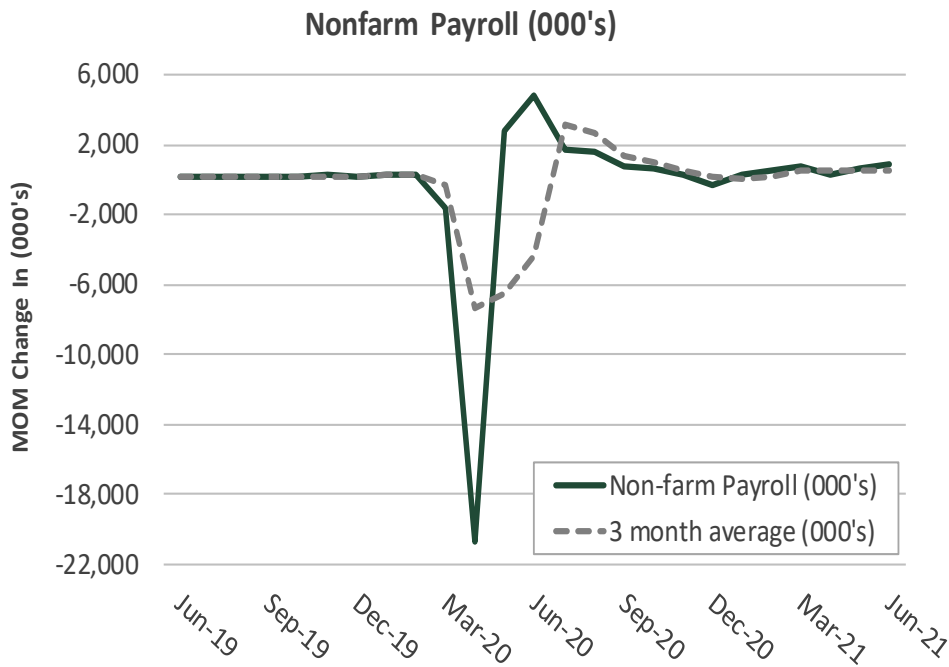
<b>SECTION 1</b>	<b>Economic Update</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Transactions</b>

# Section 1 | Economic Update

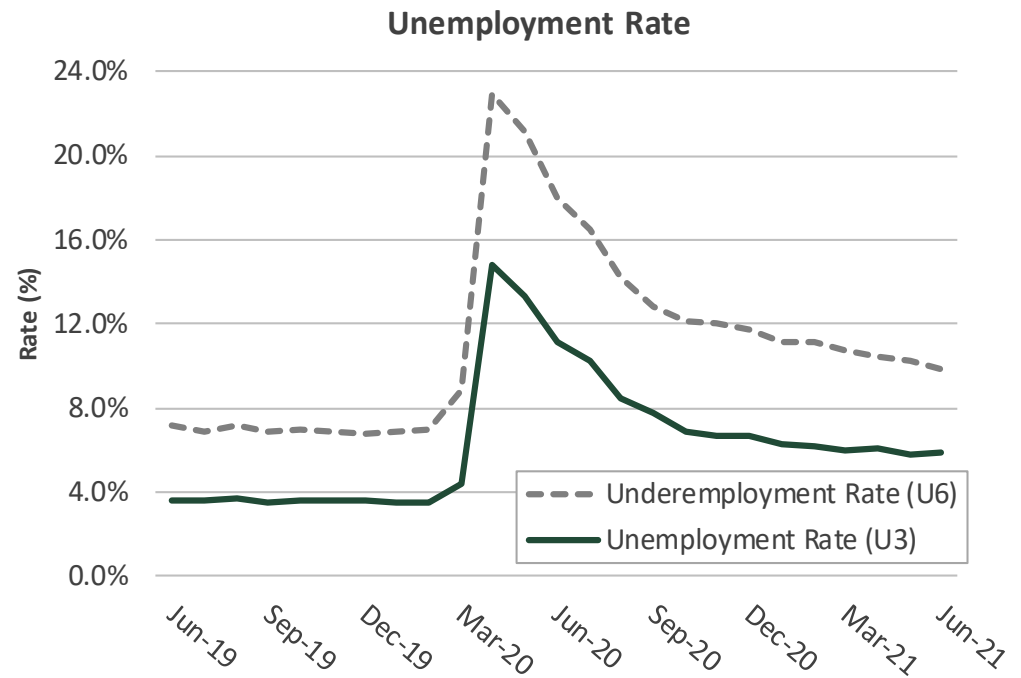
## Economic Update

- The US economy continues to recover and while some pockets of the economy remain dislocated, real gross domestic product (GDP) is approaching pre-pandemic levels. The recovery has been fueled by robust fiscal spending, accommodative monetary policy, and a swift vaccine rollout. These factors are beginning to moderate but should continue to provide tailwinds for the economy in the coming quarters. Vaccinations have slowed down, and infection rates in the US have recently ticked up but remain well below their peak. Some pandemic-related fiscal relief is starting to phase out, but President Biden and a group of bipartisan senators have agreed to an overall framework for a roughly \$1 trillion infrastructure plan (including about \$579 billion in new federal spending above previously approved levels). Though the details still need to be hashed out and a deal would need full congressional approval, the negotiations signal that more fiscal stimulus is likely on the horizon. Meanwhile, the Federal Reserve continues to signal that it will look past any near-term uptick in inflation to facilitate continued improvement in the labor market. Estimates for US GDP growth remain strong. The current Bloomberg consensus estimate for 2021 and 2022 US GDP growth are 6.6% and 4.1%, respectively.
- The Federal Open Market Committee (FOMC) kept monetary policy unchanged at its June meeting. The fed funds target rate remains in the range of 0.0% to 0.25%, and the Fed continues to purchase \$80 billion of Treasuries per month, and \$40 billion of agency mortgage-backed securities per month. The Fed has started to discuss the idea of reducing its asset purchases at some point, but that decision remains uncertain. FOMC members' updated economic projections also suggest that the Fed may start to raise interest rates in 2023, versus the previous estimate of 2024, as the economy may be on track to reach their employment and inflation goals at a faster than expected pace. Overall, monetary policy remains highly accommodative for now, but the Fed seems to be inching toward a path of policy normalization. We anticipate the Fed will remain on the sidelines over the near-term, but we believe the probability that the Fed will begin tapering its asset purchases during the first half of next year has increased.
- The yield curve flattened in June. We believe multiple factors influenced Treasury rates in the month, including market technicals, dollar strengthening, uneven global vaccination rates, and a more modest forecast for U.S. infrastructure spending than initially expected. Nevertheless, we believe longer-term rates have room to move higher this year and we believe the Treasury yield curve is poised to steepen in the second half of the year.

# Employment



Source: US Department of Labor

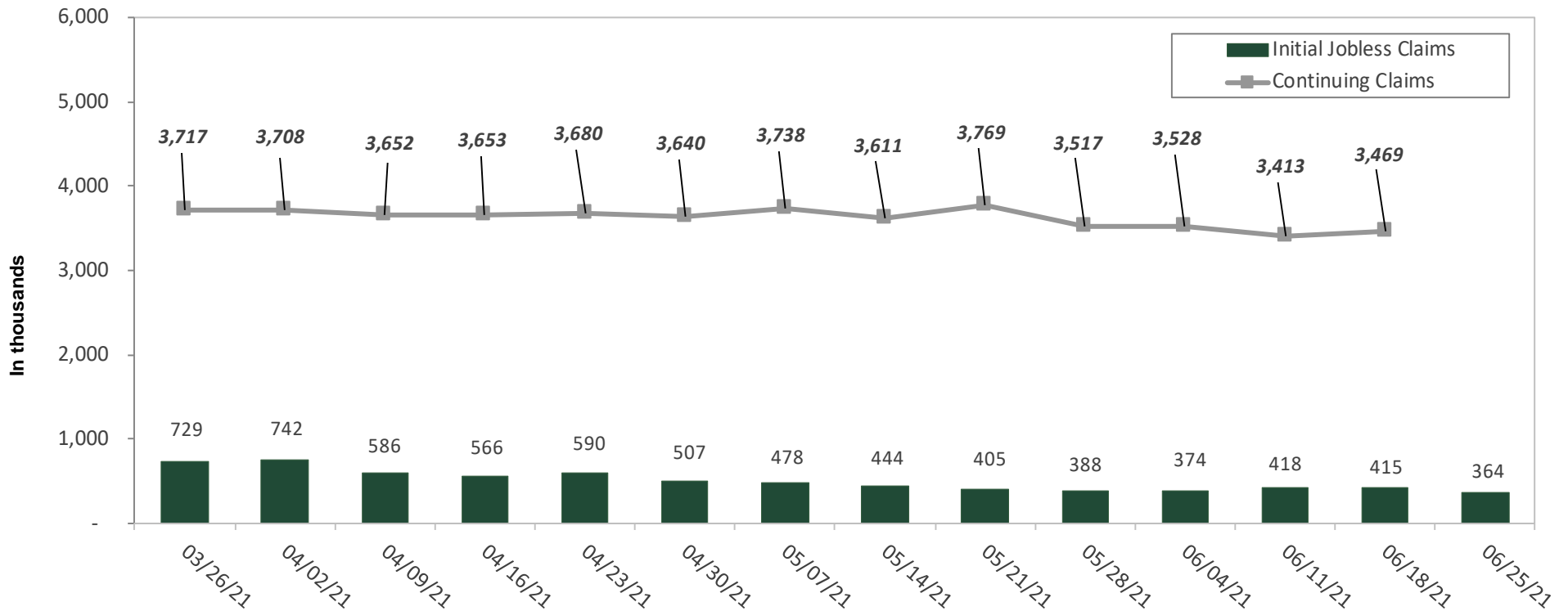


Source: US Department of Labor

Job growth was stronger than expected in June. U.S. nonfarm payrolls increased by 850,000, versus the consensus forecast of 720,000. May payrolls were also revised up by 24,000 to 583,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 567,000 and 543,000 per month, respectively, which is indicative of a steady recovery in the labor market. The leisure and hospitality sectors continue to drive the job gains in June and increased by 343,000. Government payrolls also posted a solid increase of 188,000 in June. The labor participation rate was unchanged at 61.6% in June and is 1.7% lower than the pre-pandemic level. The employment-population ratio was also unchanged in the month at 58.0% and is 3.1% below the pre-pandemic level. The unemployment rate ticked higher to 5.9% in June from 5.8% in May and remains well above the pre-pandemic low of 3.5% in February 2020. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 9.8% in June from 10.2% in May (versus 7.0% in February 2020). The index of aggregate private weekly payrolls was up 2.8% in June from February 2020, suggesting a solid increase in aggregate wages.

# Initial Claims for Unemployment

Initial Claims For Unemployment March 26, 2021 - June 25, 2021

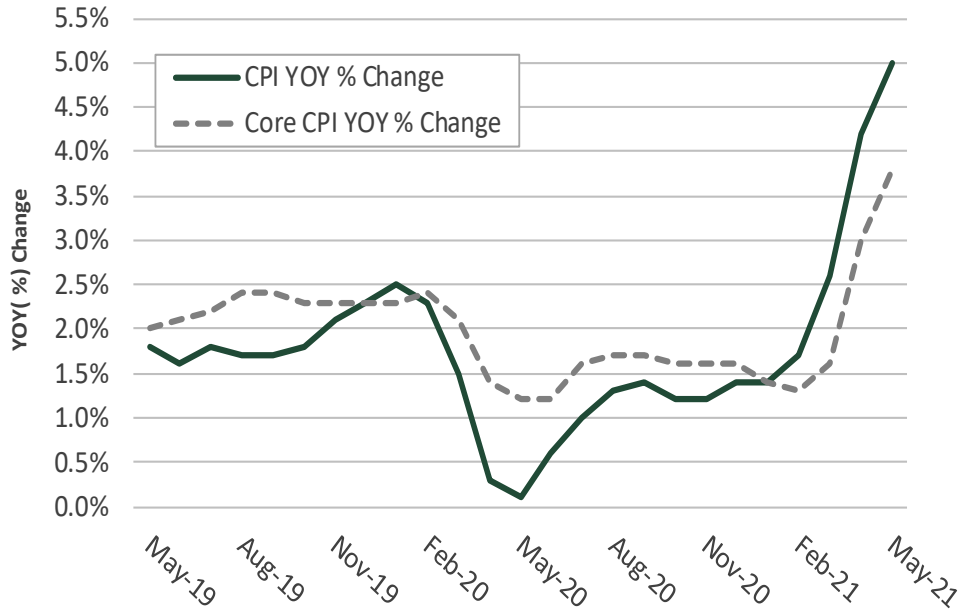


Source: US Department of Labor

In the most recent week, the number of initial jobless claims declined to 364,000 versus 415,000 in the prior week. The level of continuing unemployment claims (where the data is lagged by one week) was little changed at 3.469 million versus 3.413 million in the prior week. Although continuing jobless claims have declined significantly from the peak of nearly 25 million last May, they remained above the 2019 (pre-pandemic) average of 1.7 million.

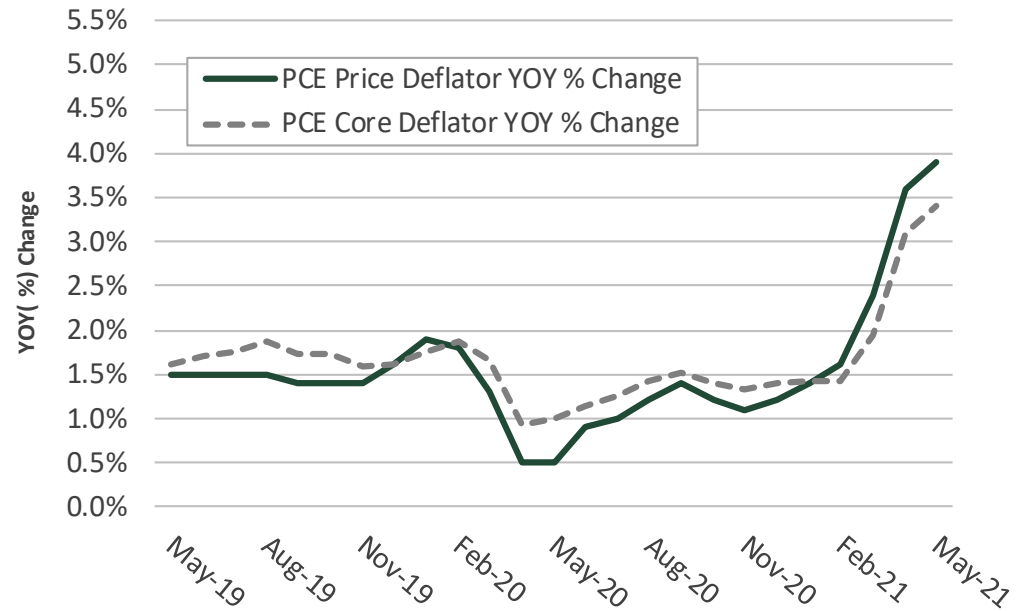
# Inflation

### Consumer Price Index (CPI)



Source: US Department of Labor

### Personal Consumption Expenditures (PCE)

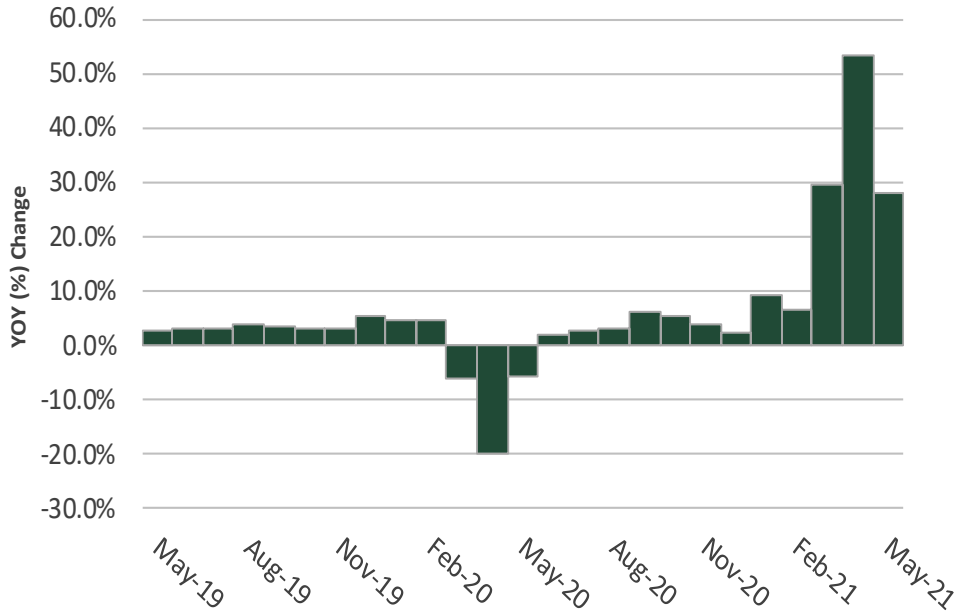


Source: US Department of Commerce

The Consumer Price Index (CPI) was up 5.0% year-over-year in May versus up 4.2% in April. Core CPI (CPI less food and energy) was up 3.8% year-over-year in May, versus up 3.0% in April. The Personal Consumption Expenditures (PCE) index was up 3.9% year-over-year in May, versus up 3.6% year-over-year in April. Core PCE was up 3.4% year-over-year in May, versus up 3.1% year-over-year in April. Current inflation readings are running well above the Fed's longer-run target of around 2.0%. However, the Fed believes that much (if not all) of the recent pricing pressure have been caused by pandemic-related factors (e.g., base effects and supply chain disruptions). Fed policymakers have reiterated that they believe most of those factors will be temporary.

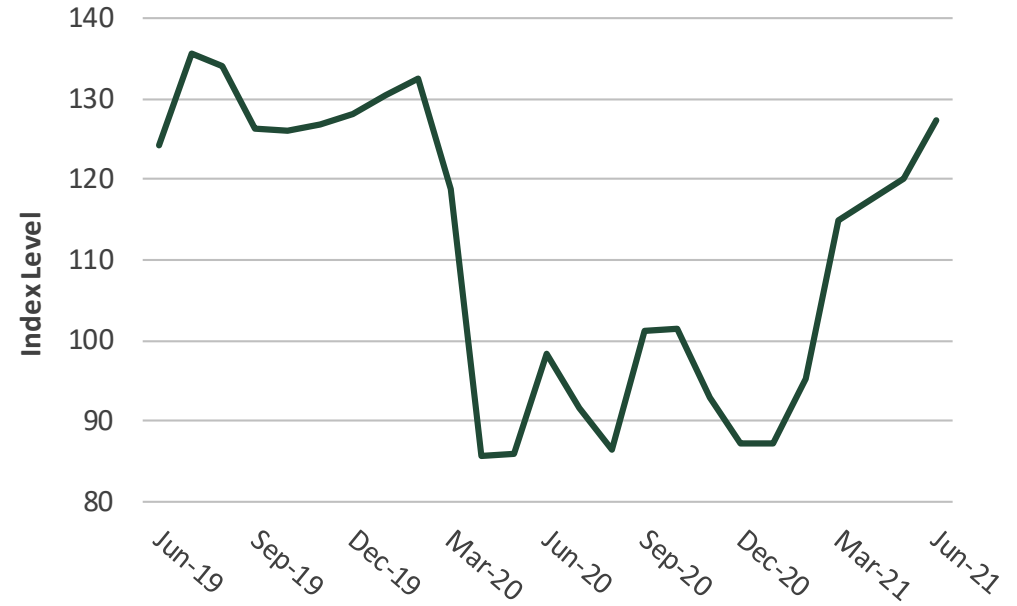
# Consumer

### Retail Sales YOY % Change



Source: US Department of Commerce

### Consumer Confidence



Source: The Conference Board

On a year-over-year basis, retail sales were up 28.1% in May versus up 53.4% in April. The year-over-year gains are distorted by the drop-off in spending and activity at the early stage of the pandemic last year. On a month-over-month basis, retail sales declined 1.3% in May, following a 0.9% increase in April. Retail sales have been somewhat uneven on a monthly basis due to the timing of fiscal stimulus and economic reopening. Overall, we believe consumer spending remains healthy and consistent with an ongoing recovery in economic activity. The Consumer Confidence index jumped to 127.3 in June from 120.0 in May, reflecting a strong view of current conditions and a more upbeat outlook.

# Economic Activity

Leading Economic Indicators (LEI)



Source: The Conference Board

Chicago Fed National Activity Index (CFNAI)

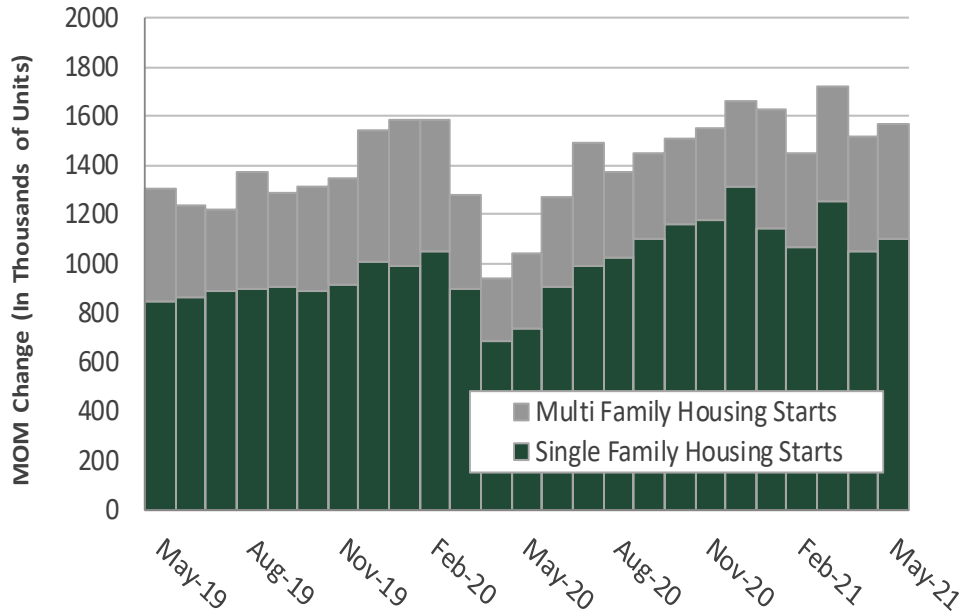


Source: Federal Reserve Bank of Chicago

The Conference Board’s Leading Economic Index (LEI) increased 1.3% month-over-month in May (in line with expectations), following a 1.3% increase in April. On a year-over-year basis, the LEI was up 14.7% in May against a severe decline in the index during the early stage of the pandemic last year. According to the Conference Board, the index suggests that economic growth will remain strong in the near term. Meanwhile, the Chicago Fed National Activity Index (CFNAI) increased to 0.29 in May from -0.09 in April. On a 3-month moving average basis, the CFNAI increased to 0.81 in May from 0.17 in April, and it continues to signal above-trend economic growth.

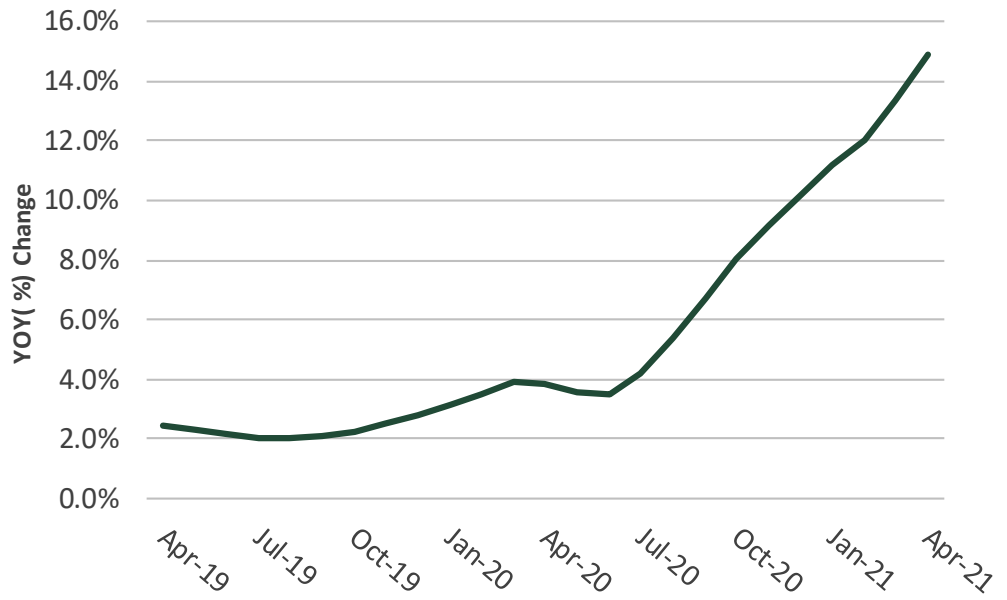
# Housing

### Housing Starts



Source: US Department of Commerce

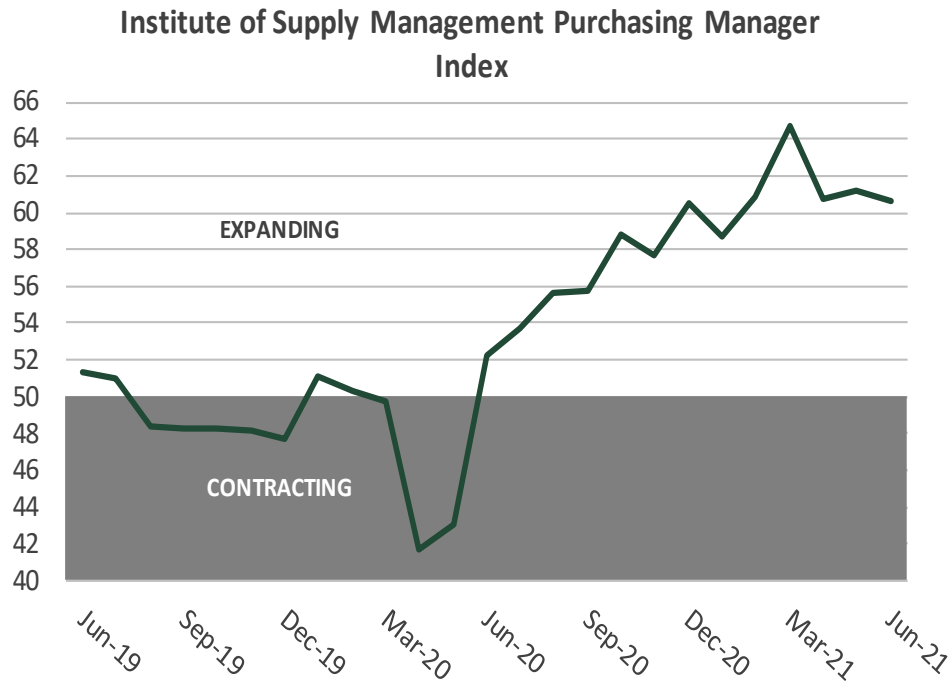
### S&P/Case-Shiller 20 City Composite Home Price Index



Source: S&P

Total housing starts rose 3.6% in May to an annual pace of 1,572,000. Single-family starts rose 4.2% in May while multi-family starts were up 2.4%. On a year-over-year basis, housing starts were up 50.3% in May, due in part to the steep decline in activity during the early stage of the pandemic last year. According to the Case-Shiller 20-City home price index, home prices were up 14.9% year-over-year in April versus up 13.4% year-over-year in March. Low inventory and strong demand continue to put upward pressure on home prices.

# Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

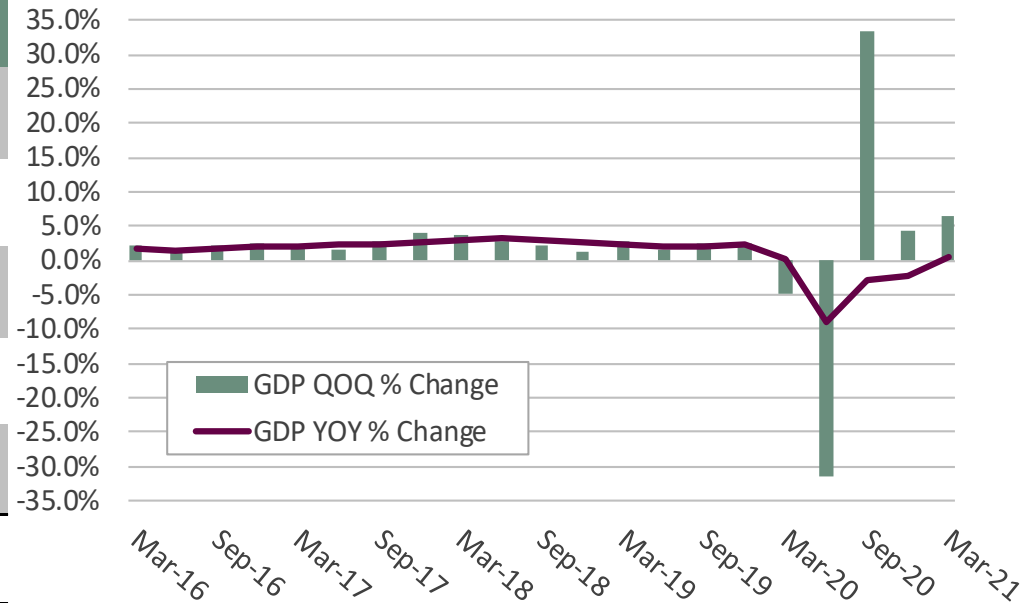
The Institute for Supply Management (ISM) manufacturing index eased slightly to 60.6 in June from 61.2 in May. The index continues to point to strength in manufacturing, as readings above 50.0 are indicative of expansion in the manufacturing sector. We believe a weaker US dollar has been supportive of the US manufacturing sector during the pandemic, though the dollar index has been creeping higher since the end of May. The Industrial Production index was up 16.3% year-over-year in May, versus up 17.6% in April. The year-over-year rates are distorted by the effects of the pandemic last year. On a month-over-month basis, the Industrial Production index increased 0.8% in May, following a 0.1% increase in April. Capacity Utilization increased to 75.2% in May from 74.6% in April but remains well below the long-run average of 79.8%. Chip shortages continue to weigh on activity in the manufacturing sector.

# Gross Domestic Product (GDP)

Components of GDP	6/20	9/20	12/20	3/21
Personal Consumption Expenditures	-24.0%	25.4%	1.6%	7.4%
Gross Private Domestic Investment	-8.8%	12.0%	4.4%	-0.6%
Net Exports and Imports	0.6%	-3.2%	-1.5%	-1.5%
Federal Government Expenditures	1.2%	-0.4%	-0.1%	0.9%
State and Local (Consumption and Gross Investment)	-0.4%	-0.4%	-0.1%	0.1%
<b>Total</b>	<b>-31.4%</b>	<b>33.4%</b>	<b>4.3%</b>	<b>6.4%</b>

Source: US Department of Commerce

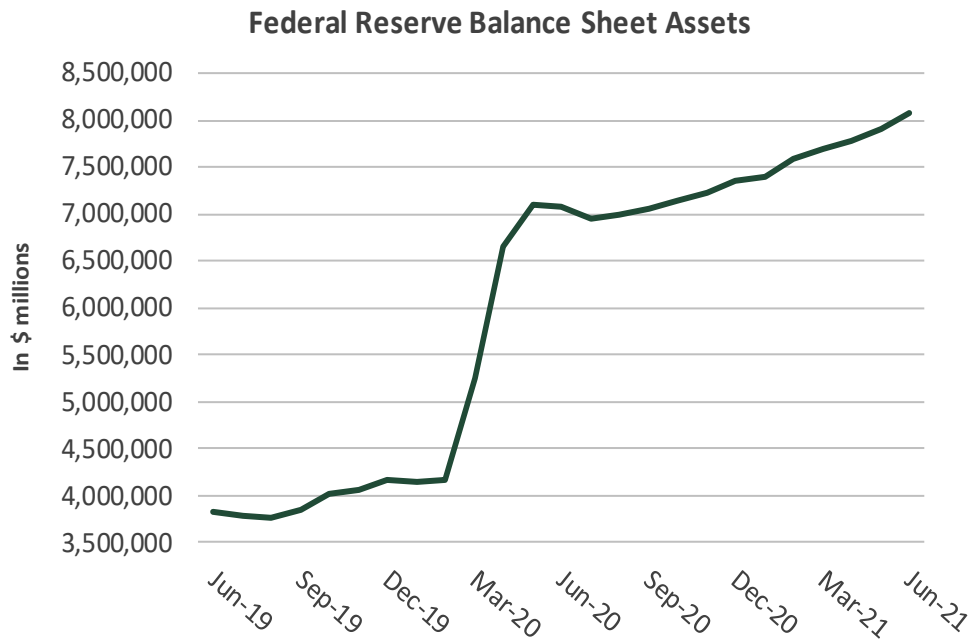
## Gross Domestic Product (GDP)



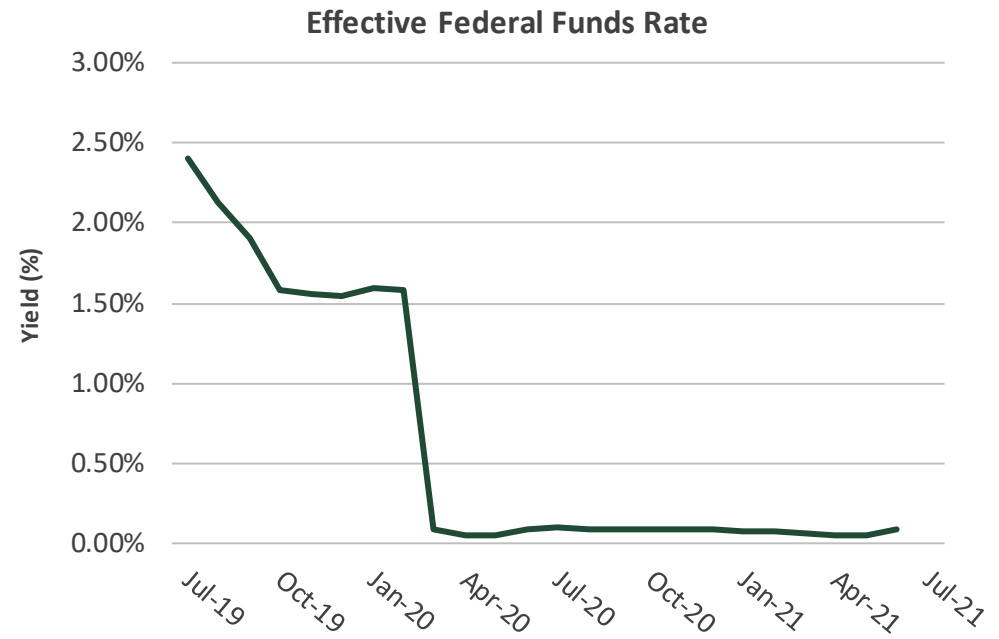
Source: US Department of Commerce

US economic growth accelerated in the first quarter. According to the third estimate, real US gross domestic product (GDP) grew at an annualized rate of 6.4% in the first quarter, following 4.3% growth in the fourth quarter of 2020. Economic growth is believed to have accelerated even further in the second quarter to an annualized rate of 10.0%. The consensus forecast for full year 2021 US gross domestic product growth is 6.6%, following a 3.5% decline in 2020.

# Federal Reserve



Source: Federal Reserve

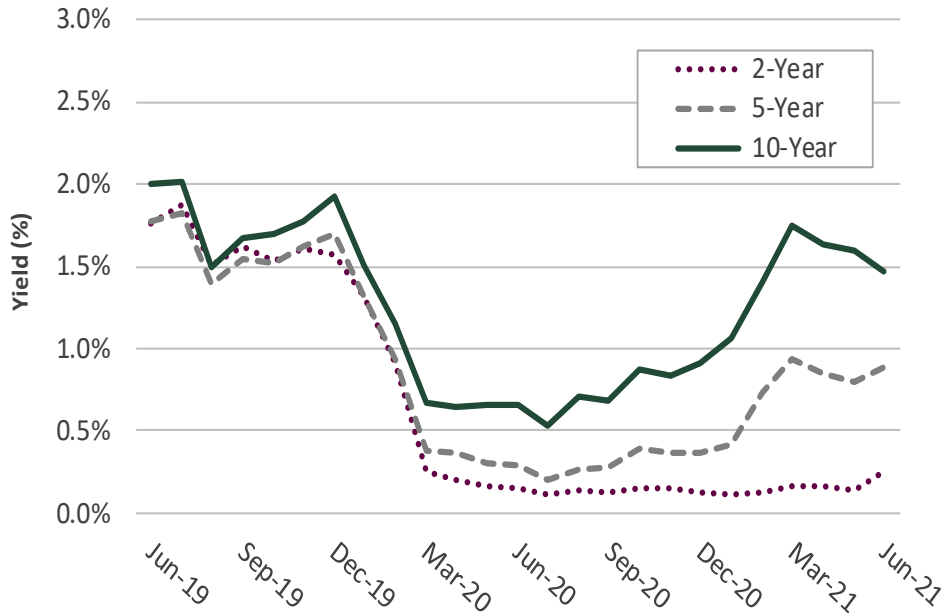


Source: Bloomberg

Last year, the Fed took a wide range of aggressive actions to help stabilize and provide liquidity to the financial markets. The Fed lowered the fed funds target rate to a range of 0.0%-0.25% and continues to purchase Treasury and agency mortgage-backed securities to support smooth market functioning. Last year, policymakers reinstated the Commercial Paper Funding Facility and Money Market Mutual Fund Liquidity Facility. The Fed also established the Primary Market Corporate Credit Facility, Secondary Market Corporate Credit Facility, Term Asset-Backed Securities Loan Facility, Paycheck Protection Program Liquidity Facility, Main Street Lending Facility, and Municipal Liquidity Facility. The Fed has also provided short-term funding through large-scale repo operations and lowered the reserve requirement for depository institutions. Notably, many of the Fed's lending facilities expired at the end of 2020, including the Fed's corporate credit, asset-backed securities, municipal lending, and Main Street Lending programs. In June 2021, the Fed announced plans to gradually unwind its corporate credit facility and expects to sell the full portfolio by year-end.

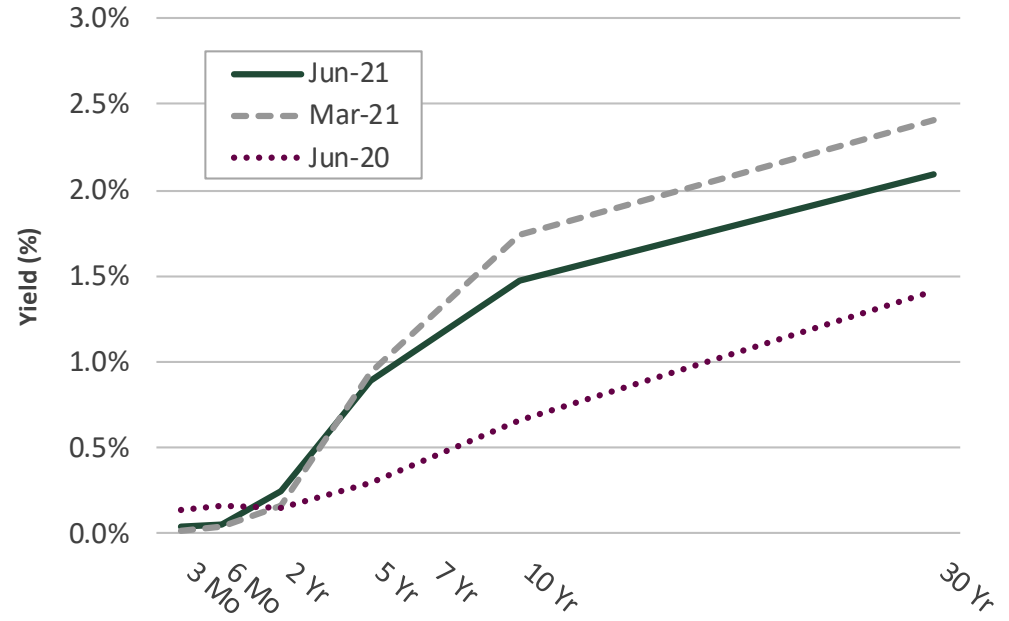
# Bond Yields

### US Treasury Note Yields



Source: Bloomberg

### US Treasury Yield Curve



Source: Bloomberg

The treasury yield curve is steeper on a year-over-year basis. The 3-month T-bill yield was about nine basis points lower, while the 2-year Treasury yield was about ten basis points higher, and the 10-Year Treasury yield was about 81 basis points higher, year-over-year, as of June month-end. The Fed has signaled plans to keep the front end of the Treasury yield curve anchored near zero until 2023. We believe longer-term rates still have room to move higher this year.

## Section 2 | Account Profile

## Investment Objectives

The investment objectives of the Upper San Gabriel Valley Municipal Water District are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn an acceptable rate of return after first considering safety of principal and liquidity.

## Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

## Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

## Upper San Gabriel Valley Municipal Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
Treasury Bills and Notes	5 year maximum maturity	Complies
Federal Agencies	60% maximum, 5 year maximum maturity	Complies
Corporate Notes and Bonds	"A" rated or better by a NRSRO if < 2 years maturity; "AA" rated or better by a NRSRO if maturity is > 2 years; 30% maximum; 5 year maximum maturity; Corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Negotiable Certificates of Deposit	"F1" or higher rating by Fitch; 1 year maximum maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Certificates of Deposit/ Time Deposits	"F1" or higher rating by Fitch; 1 year max maturity; Credit requirements may be waived for any time deposit that is FDIC insured;	Complies
Local Agency Investment Fund (LAIF)	Max permitted by LAIF	Complies
Local Government Investment Pools	Pursuant to California Government Code	Complies
Money Market Mutual Funds	AAA rated by two NRSROs, 20% maximum	Complies
Maximum maturity	5 years	Complies

# Portfolio Characteristics

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District

	6/30/2021		3/31/2021
	Benchmark*	Portfolio	Portfolio
<b>Average Maturity (yrs)</b>	1.42	1.44	1.39
<b>Average Modified Duration</b>	1.40	1.42	1.37
<b>Average Purchase Yield</b>	n/a	1.17%	1.37%
<b>Average Market Yield</b>	0.19%	0.20%	0.17%
<b>Average Quality**</b>	NR	AA+/Aaa	AA+/Aaa
<b>Total Market Value</b>		5,192,965	5,194,828

\*ICE BAML 0-3 Year U.S. Treasury Index

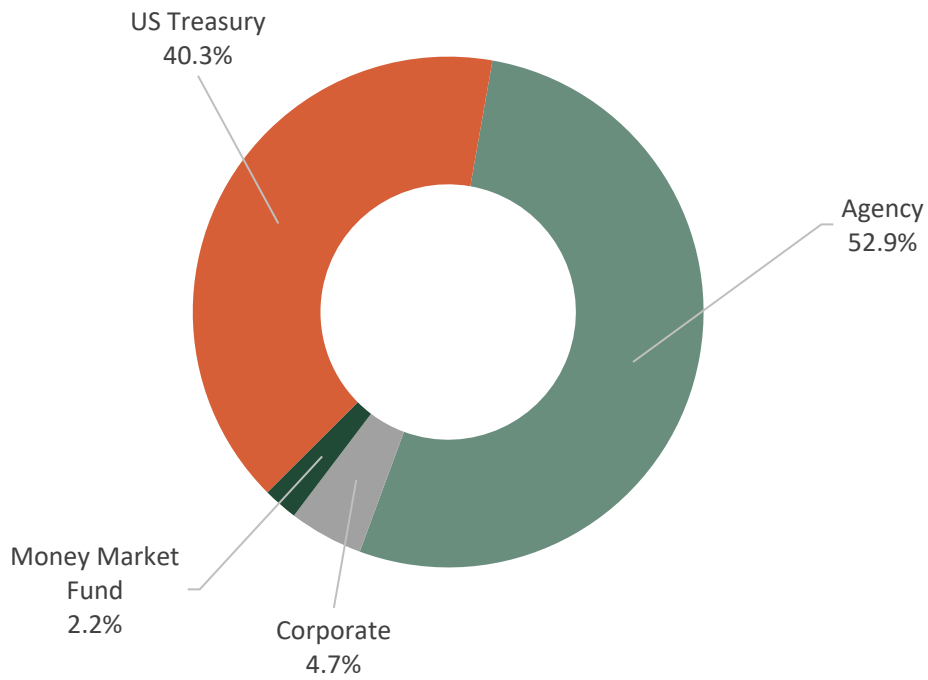
\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

# Sector Distribution

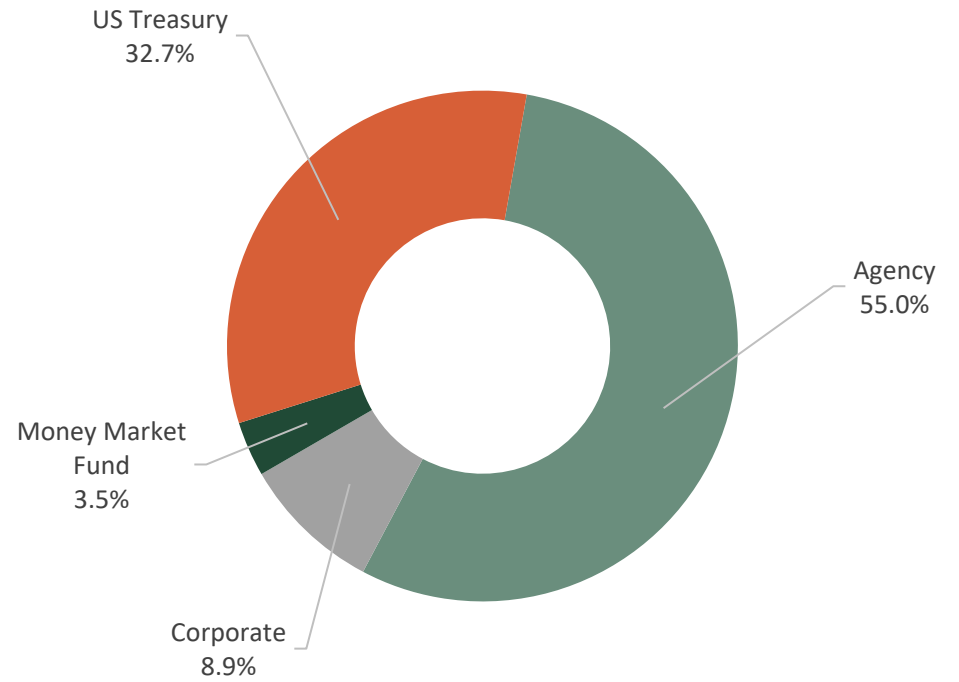
As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District

June 30, 2021



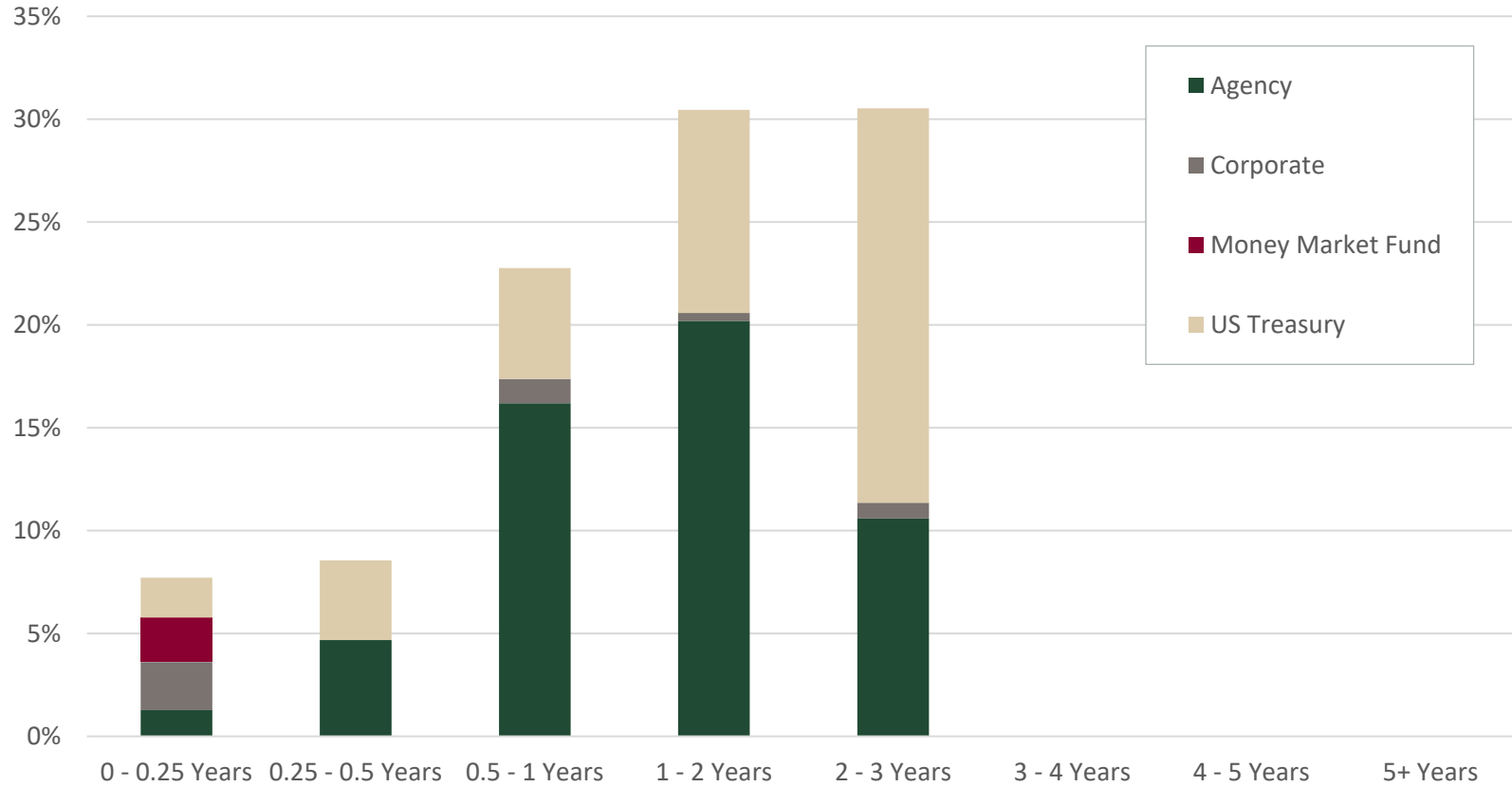
March 31, 2021



# Duration Allocation

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District



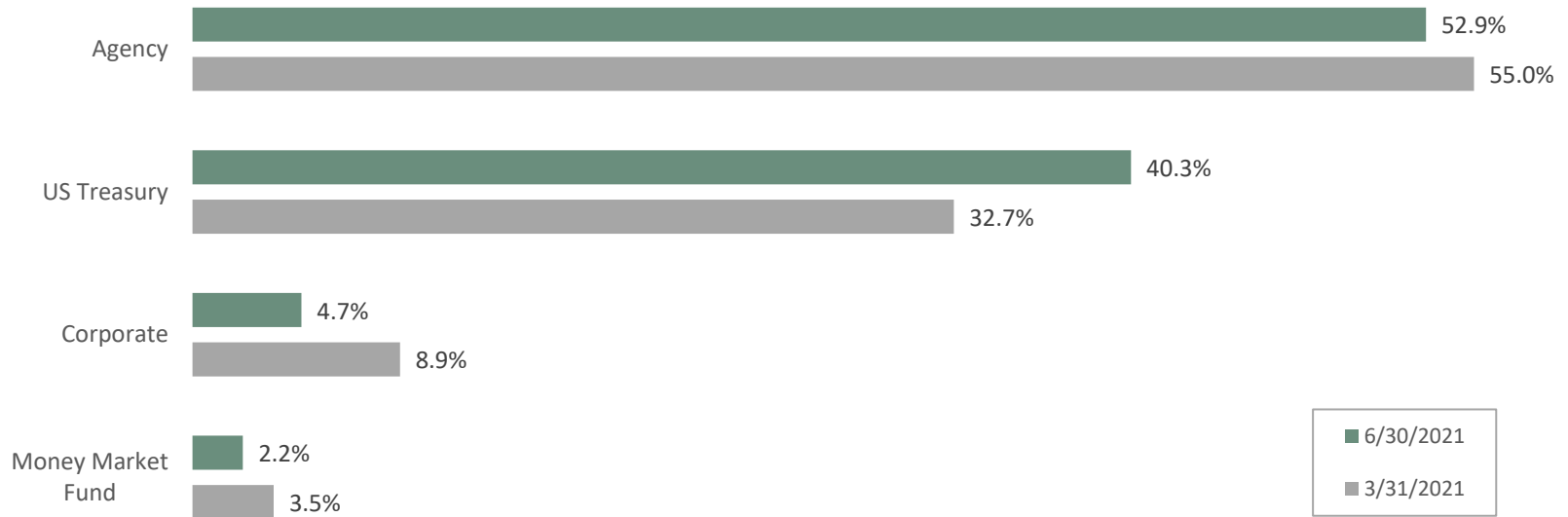
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
06/30/21	7.7%	8.6%	22.8%	30.5%	30.5%	0.0%	0.0%	0.0%

# Portfolio Allocation & Duration Changes

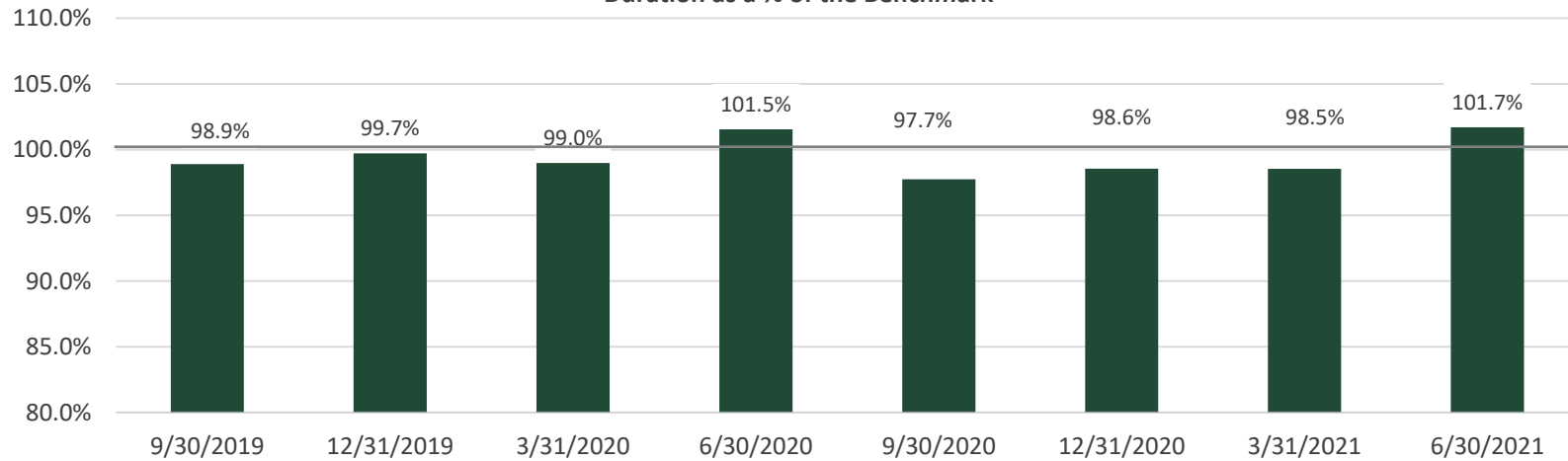
As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District

Portfolio Allocation



Duration as a % of the Benchmark

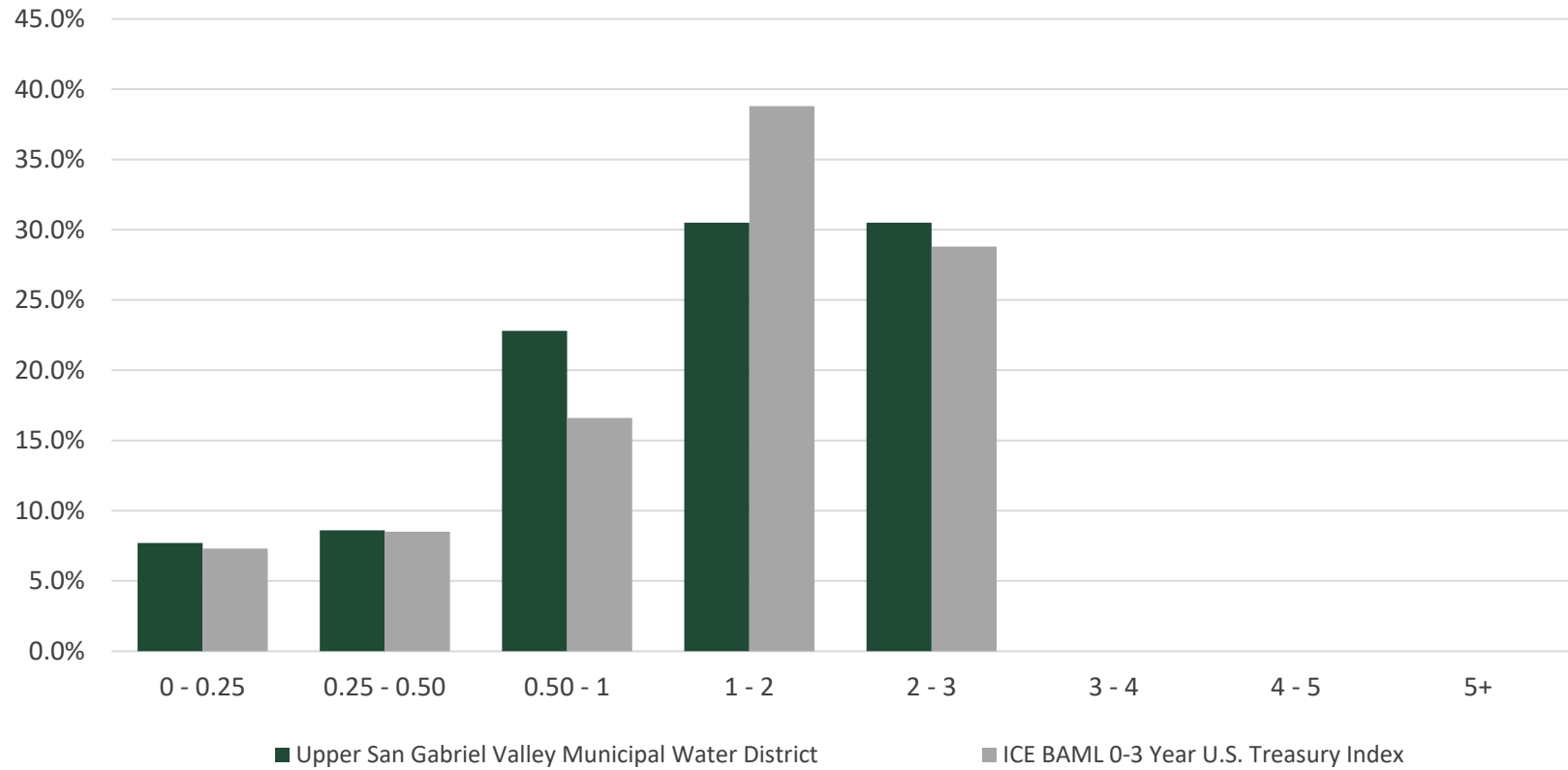


Benchmark: ICE BAML 0-3 Year U.S. Treasury Index

# Duration Distribution

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District Portfolio Compared to the Benchmark as of June 30, 2021



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	7.7%	8.6%	22.8%	30.5%	30.5%	0.0%	0.0%	0.0%
Benchmark*	7.3%	8.5%	16.6%	38.8%	28.8%	0.0%	0.0%	0.0%

\*ICE BAML 0-3 Year U.S. Treasury Index

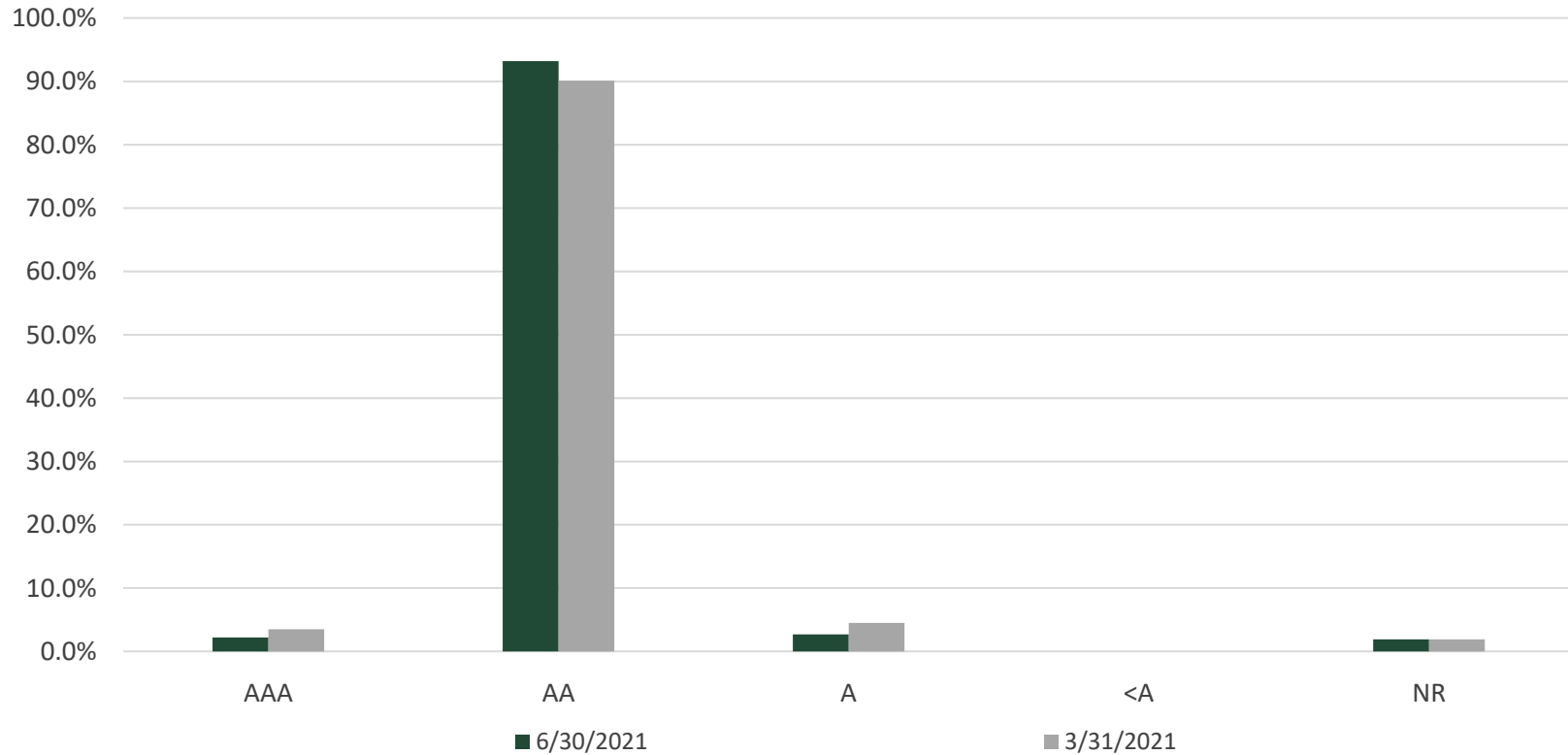
## Upper San Gabriel Valley Municipal Water District – Account #10214

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	40.26%
Federal Home Loan Bank	Agency	18.55%
Federal Home Loan Mortgage Corp	Agency	14.35%
Federal Farm Credit Bank	Agency	12.71%
Federal National Mortgage Association	Agency	7.30%
First American Govt Oblig Fund	Money Market Fund	2.16%
Toyota Motor Corp	Corporate	1.56%
Apple Inc	Corporate	1.18%
Paccar Financial	Corporate	1.16%
Amazon.com Inc	Corporate	0.77%
<b>TOTAL</b>		<b>100.00%</b>

# Quality Distribution

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District June 30, 2021 vs. March 31, 2021



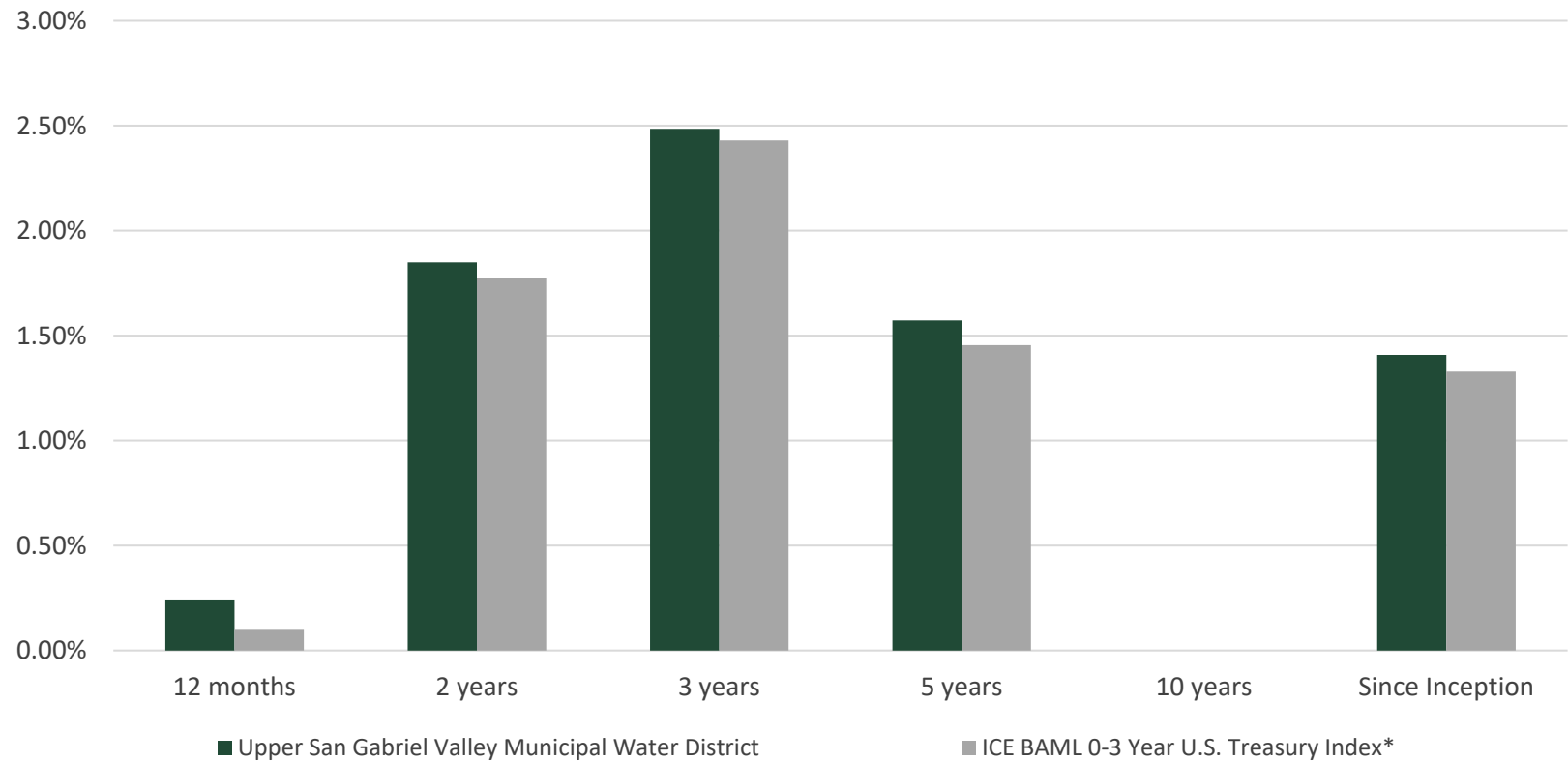
	AAA	AA	A	<A	NR
06/30/21	2.2%	93.2%	2.7%	0.0%	1.9%
03/31/21	3.5%	90.1%	4.5%	0.0%	1.9%

Source: S&P Ratings

# Investment Performance

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District Total Rate of Return Annualized Since Inception 05/31/2014



TOTAL RATE OF RETURN	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Upper San Gabriel Valley Municipal Water District	0.00%	0.24%	1.85%	2.48%	1.57%	N/A	1.41%
ICE BAML 0-3 Year U.S. Treasury Index	-0.02%	0.10%	1.78%	2.43%	1.45%	N/A	1.33%

\*ICE BAML 1-3 Yr US Treasury/Agency Index to 3/31/19

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Section 3 | Portfolio Holdings

# Holdings Report

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Agency</b>									
313383ZU8	FHLB Note 3.000% Due 09/10/2021	65,000.00	09/28/2018 2.936%	65,116.35 65,007.68	100.56 0.10%	65,366.41 601.25	1.27% 358.73	Aaa / AA+ NR	0.20 0.19
3130AF5B9	FHLB Note 3.000% Due 10/12/2021	100,000.00	11/29/2018 2.907%	100,252.00 100,024.79	100.83 0.08%	100,827.50 658.33	1.95% 802.71	Aaa / AA+ NR	0.28 0.28
3130AAB49	FHLB Note 1.875% Due 12/10/2021	75,000.00	12/15/2017 2.162%	74,182.50 74,908.85	100.80 0.07%	75,601.80 82.03	1.46% 692.95	Aaa / AA+ AAA	0.45 0.44
3130AHSR5	FHLB Note 1.625% Due 12/20/2021	65,000.00	12/19/2019 1.680%	64,929.80 64,983.48	100.74 0.07%	65,478.47 32.27	1.26% 494.99	Aaa / AA+ AAA	0.47 0.47
3135G0S38	FNMA Note 2.000% Due 01/05/2022	100,000.00	09/27/2017 1.903%	100,394.00 100,047.48	100.98 0.09%	100,980.30 977.78	1.96% 932.82	Aaa / AA+ AAA	0.52 0.51
313378CR0	FHLB Note 2.250% Due 03/11/2022	150,000.00	09/15/2017 1.814%	152,800.50 150,433.61	101.51 0.09%	152,262.15 1,031.25	2.95% 1,828.54	Aaa / AA+ NR	0.70 0.69
313378WG2	FHLB Note 2.500% Due 03/11/2022	90,000.00	04/10/2018 2.664%	89,451.90 89,903.03	101.67 0.10%	91,504.62 687.50	1.78% 1,601.59	Aaa / AA+ NR	0.70 0.69
3133ELWD2	FFCB Note 0.375% Due 04/08/2022	90,000.00	04/03/2020 0.449%	89,866.80 89,948.73	100.22 0.09%	90,201.06 77.81	1.74% 252.33	Aaa / AA+ AAA	0.77 0.77
3133ELYR9	FFCB Note 0.250% Due 05/06/2022	100,000.00	04/30/2020 0.314%	99,873.00 99,946.24	100.11 0.12%	100,114.30 38.19	1.93% 168.06	Aaa / AA+ AAA	0.85 0.85
3133ELE75	FFCB Note 0.250% Due 06/02/2022	100,000.00	06/02/2020 0.251%	99,999.00 99,999.54	100.14 0.10%	100,142.00 20.14	1.93% 142.46	Aaa / AA+ AAA	0.92 0.92
3134GVJ66	FHLMC Note 0.250% Due 06/08/2022	100,000.00	06/17/2020 0.280%	99,942.00 99,972.45	100.14 0.10%	100,144.80 15.97	1.93% 172.35	Aaa / NR AAA	0.94 0.94
3130AEBM1	FHLB Note 2.750% Due 06/10/2022	100,000.00	07/05/2018 2.810%	99,774.00 99,945.82	102.48 0.12%	102,480.20 160.42	1.98% 2,534.38	Aaa / AA+ NR	0.95 0.94
3137EAET2	FHLMC Note 0.125% Due 07/25/2022	55,000.00	07/21/2020 0.238%	54,875.70 54,933.94	100.02 0.10%	55,012.27 29.79	1.06% 78.33	Aaa / AA+ AAA	1.07 1.07
3135G0W33	FNMA Note 1.375% Due 09/06/2022	100,000.00	09/25/2019 1.617%	99,307.00 99,721.77	101.44 0.16%	101,437.80 439.24	1.96% 1,716.03	Aaa / AA+ AAA	1.19 1.17
3133EKY91	FFCB Note 1.375% Due 10/11/2022	100,000.00	10/15/2019 1.637%	99,239.00 99,674.26	101.59 0.14%	101,585.70 305.56	1.96% 1,911.44	Aaa / AA+ AAA	1.28 1.27
3130AFE78	FHLB Note 3.000% Due 12/09/2022	100,000.00	12/20/2018 2.766%	100,868.00 100,315.09	104.04 0.20%	104,036.10 183.33	2.01% 3,721.01	Aaa / AA+ AAA	1.44 1.42
3133ELJH8	FFCB Note 1.600% Due 01/23/2023	100,000.00	03/03/2020 0.781%	102,332.00 101,262.15	102.23 0.17%	102,228.70 702.22	1.98% 966.55	Aaa / AA+ AAA	1.57 1.54

# Holdings Report

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3133EMPH9	FFCB Note 0.125% Due 02/03/2023	80,000.00	01/26/2021 0.153%	79,955.20 79,964.28	99.92 0.18%	79,933.36 41.11	1.54% (30.92)	Aaa / AA+ AAA	1.60 1.59
313382AX1	FHLB Note 2.125% Due 03/10/2023	195,000.00	Various 0.723%	203,061.40 199,564.75	103.14 0.27%	201,123.98 1,277.66	3.90% 1,559.23	Aaa / AA+ AAA	1.69 1.66
3137EAER6	FHLMC Note 0.375% Due 05/05/2023	95,000.00	05/05/2020 0.389%	94,960.10 94,975.43	100.25 0.24%	95,240.26 55.42	1.84% 264.83	Aaa / AA+ AAA	1.85 1.84
3135G04Q3	FNMA Note 0.250% Due 05/22/2023	105,000.00	05/20/2020 0.351%	104,683.95 104,800.85	99.99 0.26%	104,988.98 28.44	2.02% 188.13	Aaa / AA+ AAA	1.89 1.89
3137EAES4	FHLMC Note 0.250% Due 06/26/2023	100,000.00	09/24/2020 0.234%	100,044.00 100,031.77	99.99 0.26%	99,986.70 3.47	1.93% (45.07)	Aaa / AA+ AAA	1.99 1.98
3135G05G4	FNMA Note 0.250% Due 07/10/2023	70,000.00	07/08/2020 0.322%	69,849.50 69,898.43	99.99 0.26%	69,992.02 83.13	1.35% 93.59	Aaa / AA+ AAA	2.03 2.02
3137EAEV7	FHLMC Note 0.250% Due 08/24/2023	95,000.00	08/19/2020 0.284%	94,903.10 94,930.81	99.98 0.26%	94,977.49 83.78	1.83% 46.68	Aaa / AA+ AAA	2.15 2.14
3137EAEW5	FHLMC Note 0.250% Due 09/08/2023	65,000.00	09/02/2020 0.261%	64,978.55 64,984.41	99.90 0.30%	64,935.65 51.01	1.25% (48.76)	Aaa / AA+ AAA	2.19 2.18
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	80,000.00	10/14/2020 0.250%	79,701.60 79,771.91	99.61 0.30%	79,685.12 20.83	1.53% (86.79)	Aaa / AA+ AAA	2.30 2.29
3137EAEZ8	FHLMC Note 0.250% Due 11/06/2023	105,000.00	11/03/2020 0.280%	104,905.50 104,926.02	99.89 0.30%	104,886.81 40.10	2.02% (39.21)	Aaa / AA+ AAA	2.35 2.34
3137EAF A2	FHLMC Note 0.250% Due 12/04/2023	50,000.00	12/02/2020 0.283%	49,950.50 49,959.95	99.87 0.30%	49,934.65 9.38	0.96% (25.30)	Aaa / AA+ AAA	2.43 2.42
3133EMRZ7	FFCB Note 0.250% Due 02/26/2024	85,000.00	02/22/2021 0.262%	84,969.40 84,972.89	99.62 0.39%	84,677.17 73.78	1.63% (295.72)	Aaa / AA+ AAA	2.66 2.64
<b>TOTAL Agency</b>		<b>2,715,000.00</b>	<b>1.09%</b>	<b>2,725,166.35</b> <b>2,719,810.41</b>	<b>0.18%</b>	<b>2,739,766.37</b> <b>7,811.19</b>	<b>52.91%</b> <b>19,955.96</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.35</b> <b>1.34</b>
<b>Corporate</b>									
69371RN44	Paccar Financial Corp Note 1.650% Due 08/11/2021	60,000.00	08/20/2019 1.928%	59,679.60 59,981.76	100.16 0.22%	60,097.62 385.00	1.16% 115.86	A1 / A+ NR	0.12 0.11
89233P5F9	Toyota Motor Credit Corp Note 3.400% Due 09/15/2021	60,000.00	01/17/2018 2.562%	61,743.00 60,099.23	100.65 0.29%	60,388.62 600.67	1.17% 289.39	A1 / A+ A+	0.21 0.21
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.300% Due 05/11/2022	60,000.00	07/09/2019 2.180%	60,190.80 60,053.92	101.64 0.20%	60,983.82 191.67	1.18% 929.90	Aa1 / AA+ NR	0.86 0.78
89236TJD8	Toyota Motor Credit Corp Note 0.400% Due 04/06/2023	20,000.00	04/06/2021 0.441%	19,983.80 19,985.65	100.03 0.39%	20,005.02 18.22	0.39% 19.37	A1 / A+ A+	1.77 1.76

# Holdings Report

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
023135BW5	Amazon.com Inc Callable Note Cont 11/12/2021 0.450% Due 05/12/2024	40,000.00	05/10/2021 0.499%	39,941.60 39,944.26	99.81 0.52%	39,925.20 24.50	0.77% (19.06)	A1 / AA AA-	2.87 2.84
<b>TOTAL Corporate</b>		<b>240,000.00</b>	<b>1.79%</b>	<b>241,538.80</b> <b>240,064.82</b>	<b>0.29%</b>	<b>241,400.28</b> <b>1,220.06</b>	<b>4.67%</b> <b>1,335.46</b>	<b>A1 / AA-</b> <b>A+</b>	<b>0.92</b> <b>0.89</b>
<b>Money Market Fund</b>									
31846V203	First American Govt Obligation Fund Class Y	112,239.50	Various 0.006%	112,239.50 112,239.50	1.00 0.01%	112,239.50 0.00	2.16% 0.00	Aaa / AAA AAA	0.00 0.00
<b>TOTAL Money Market Fund</b>		<b>112,239.50</b>	<b>0.01%</b>	<b>112,239.50</b>	<b>0.01%</b>	<b>0.00</b>	<b>0.00</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>0.00</b> <b>0.00</b>
<b>US Treasury</b>									
9128282F6	US Treasury Note 1.125% Due 08/31/2021	100,000.00	09/13/2018 2.819%	95,218.75 99,730.45	100.18 0.06%	100,179.00 376.02	1.94% 448.55	Aaa / AA+ AAA	0.17 0.17
912828T34	US Treasury Note 1.125% Due 09/30/2021	100,000.00	08/15/2017 1.719%	97,644.87 99,857.69	100.27 0.07%	100,266.00 282.79	1.94% 408.31	Aaa / AA+ AAA	0.25 0.25
912828U65	US Treasury Note 1.750% Due 11/30/2021	100,000.00	10/12/2018 2.922%	96,523.44 99,537.27	100.70 0.09%	100,695.30 148.22	1.94% 1,158.03	Aaa / AA+ AAA	0.42 0.42
912828W55	US Treasury Note 1.875% Due 02/28/2022	100,000.00	11/29/2017 2.058%	99,257.81 99,884.20	101.20 0.09%	101,195.30 626.70	1.96% 1,311.10	Aaa / AA+ AAA	0.67 0.66
912828W89	US Treasury Note 1.875% Due 03/31/2022	75,000.00	02/27/2018 2.601%	72,902.34 74,616.18	101.34 0.10%	76,001.93 353.48	1.47% 1,385.75	Aaa / AA+ AAA	0.75 0.75
912828XR6	US Treasury Note 1.750% Due 05/31/2022	100,000.00	03/12/2018 2.601%	96,621.09 99,267.17	101.51 0.11%	101,507.80 148.22	1.96% 2,240.63	Aaa / AA+ AAA	0.92 0.91
9128282P4	US Treasury Note 1.875% Due 07/31/2022	100,000.00	12/30/2019 1.604%	100,683.59 100,286.34	101.91 0.12%	101,906.20 782.11	1.98% 1,619.86	Aaa / AA+ AAA	1.08 1.07
912828L24	US Treasury Note 1.875% Due 08/31/2022	100,000.00	11/26/2018 2.903%	96,363.28 98,871.64	102.04 0.13%	102,039.10 626.70	1.98% 3,167.46	Aaa / AA+ AAA	1.17 1.15
912828L57	US Treasury Note 1.750% Due 09/30/2022	100,000.00	12/11/2019 1.655%	100,257.81 100,114.92	102.01 0.14%	102,011.70 439.89	1.97% 1,896.78	Aaa / AA+ AAA	1.25 1.24
912828M80	US Treasury Note 2.000% Due 11/30/2022	100,000.00	11/25/2019 1.613%	101,132.81 100,532.42	102.59 0.17%	102,593.80 169.40	1.98% 2,061.38	Aaa / AA+ AAA	1.42 1.40
912828YW4	US Treasury Note 1.625% Due 12/15/2022	100,000.00	01/16/2020 1.570%	100,156.25 100,078.20	102.12 0.17%	102,121.10 71.04	1.97% 2,042.90	Aaa / AA+ AAA	1.46 1.45
91282CAK7	US Treasury Note 0.125% Due 09/15/2023	100,000.00	05/28/2021 0.188%	99,855.47 99,861.32	99.63 0.29%	99,628.90 36.68	1.92% (232.42)	Aaa / AA+ AAA	2.21 2.20

# Holdings Report

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CAP6	US Treasury Note 0.125% Due 10/15/2023	100,000.00	11/09/2020 0.242%	99,660.16 99,734.23	99.57 0.31%	99,566.40 26.30	1.92% (167.83)	Aaa / AA+ AAA	2.29 2.29
91282CAW1	US Treasury Note 0.250% Due 11/15/2023	100,000.00	06/17/2021 0.289%	99,906.25 99,907.63	99.83 0.32%	99,832.00 31.93	1.92% (75.63)	Aaa / AA+ AAA	2.38 2.36
91282CBA8	US Treasury Note 0.125% Due 12/15/2023	100,000.00	12/17/2020 0.187%	99,816.41 99,848.78	99.48 0.34%	99,476.60 5.46	1.92% (372.18)	Aaa / AA+ AAA	2.46 2.45
91282CBE0	US Treasury Note 0.125% Due 01/15/2024	100,000.00	01/12/2021 0.244%	99,644.53 99,698.74	99.39 0.36%	99,394.50 57.67	1.92% (304.24)	Aaa / AA+ AAA	2.55 2.53
91282CBM2	US Treasury Note 0.125% Due 02/15/2024	100,000.00	02/16/2021 0.205%	99,761.72 99,790.93	99.35 0.37%	99,351.60 46.96	1.91% (439.33)	Aaa / AA+ AAA	2.63 2.62
91282CBR1	US Treasury Note 0.250% Due 03/15/2024	100,000.00	03/10/2021 0.327%	99,769.53 99,792.24	99.60 0.40%	99,601.60 73.37	1.92% (190.64)	Aaa / AA+ AAA	2.71 2.69
91282CBV2	US Treasury Note 0.375% Due 04/15/2024	100,000.00	04/14/2021 0.363%	100,035.16 100,032.69	99.88 0.42%	99,875.00 78.89	1.92% (157.69)	Aaa / AA+ AAA	2.79 2.77
91282CCC3	US Treasury Note 0.250% Due 05/15/2024	100,000.00	05/12/2021 0.348%	99,707.03 99,719.08	99.46 0.44%	99,460.90 31.93	1.92% (258.18)	Aaa / AA+ AAA	2.88 2.86
91282CCG4	US Treasury Note 0.250% Due 06/15/2024	100,000.00	06/09/2021 0.310%	99,820.31 99,822.93	99.40 0.45%	99,398.40 10.93	1.91% (424.53)	Aaa / AA+ AAA	2.96 2.94
<b>TOTAL US Treasury</b>		<b>2,075,000.00</b>	<b>1.26%</b>	<b>2,054,738.61</b> <b>2,070,985.05</b>	<b>0.24%</b>	<b>2,086,103.13</b> <b>4,424.69</b>	<b>40.26%</b> <b>15,118.08</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.69</b> <b>1.68</b>
<b>TOTAL PORTFOLIO</b>		<b>5,142,239.50</b>	<b>1.17%</b>	<b>5,133,683.26</b> <b>5,143,099.78</b>	<b>0.20%</b>	<b>5,179,509.28</b> <b>13,455.94</b>	<b>100.00%</b> <b>36,409.50</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.44</b> <b>1.42</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>5,192,965.22</b>			



## Section 4 | Transactions

# Transaction Ledger

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

March 31, 2021 through June 30, 2021

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	04/09/2021	89236TJD8	20,000.00	Toyota Motor Credit Corp Note 0.4% Due: 04/06/2023	99.919	0.44%	19,983.80	0.00	19,983.80	0.00
Purchase	04/15/2021	91282CBV2	100,000.00	US Treasury Note 0.375% Due: 04/15/2024	100.035	0.36%	100,035.16	0.00	100,035.16	0.00
Purchase	05/12/2021	023135BW5	40,000.00	Amazon.com Inc Callable Note Cont 11/12/2021 0.45% Due: 05/12/2024	99.854	0.50%	39,941.60	0.00	39,941.60	0.00
Purchase	05/17/2021	91282CCC3	100,000.00	US Treasury Note 0.25% Due: 05/15/2024	99.707	0.35%	99,707.03	1.36	99,708.39	0.00
Purchase	05/28/2021	91282CAK7	100,000.00	US Treasury Note 0.125% Due: 09/15/2023	99.855	0.19%	99,855.47	25.14	99,880.61	0.00
Purchase	06/15/2021	91282CCG4	100,000.00	US Treasury Note 0.25% Due: 06/15/2024	99.820	0.31%	99,820.31	0.00	99,820.31	0.00
Purchase	06/18/2021	91282CAW1	100,000.00	US Treasury Note 0.25% Due: 11/15/2023	99.906	0.29%	99,906.25	23.10	99,929.35	0.00
<b>Subtotal</b>			<b>560,000.00</b>				<b>559,249.62</b>	<b>49.60</b>	<b>559,299.22</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>560,000.00</b>				<b>559,249.62</b>	<b>49.60</b>	<b>559,299.22</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	04/16/2021	68389XBA2	50,000.00	Oracle Corp Note 2.8% Due: 07/08/2021	100.571	2.17%	50,285.50	381.11	50,666.61	216.04
<b>Subtotal</b>			<b>50,000.00</b>				<b>50,285.50</b>	<b>381.11</b>	<b>50,666.61</b>	<b>216.04</b>
Maturity	04/30/2021	912828Q78	100,000.00	US Treasury Note 1.375% Due: 04/30/2021	100.000		100,000.00	0.00	100,000.00	0.00
Maturity	05/16/2021	166764BG4	60,000.00	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due: 05/16/2021	100.000		60,000.00	0.00	60,000.00	0.00

# Transaction Ledger

As of June 30, 2021

## Upper San Gabriel Valley Municipal Water District - Account #10214

March 31, 2021 through June 30, 2021

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	05/21/2021	808513AW5	60,000.00	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due: 05/21/2021	100.000		60,000.00	0.00	60,000.00	0.00
Maturity	05/24/2021	09247XAH4	60,000.00	Blackrock Inc Note 4.25% Due: 05/24/2021	100.000		60,000.00	0.00	60,000.00	0.00
Maturity	06/11/2021	313379RB7	100,000.00	FHLB Note 1.875% Due: 06/11/2021	100.000		100,000.00	0.00	100,000.00	0.00
Maturity	06/23/2021	931142EJ8	45,000.00	Wal-Mart Stores Note 3.125% Due: 06/23/2021	100.000		45,000.00	0.00	45,000.00	0.00
<b>Subtotal</b>			<b>425,000.00</b>				<b>425,000.00</b>	<b>0.00</b>	<b>425,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>475,000.00</b>				<b>475,285.50</b>	<b>381.11</b>	<b>475,666.61</b>	<b>216.04</b>

# Important Disclosures

*As of June 30, 2021*

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Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

## **ICE BAML 0-3 Year U.S. Treasury Index\***

*The ICE BAML 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: G1A0. Please visit [www.mlindex.ml.com](http://www.mlindex.ml.com) for more information)*

*The ICE BAML 0-3 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publically issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. (Index: G1QA. Please visit [www.mlindex.ml.com](http://www.mlindex.ml.com) for more information)*



# MEMORANDUM



## ITEM 4.

**DATE:** July 9, 2021  
**TO:** Administration and Finance Committee and Board of Directors  
**FROM:** General Manager  
**SUBJECT:** Amendments to Policy Manual.

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### Recommendation

Staff recommends that the Board of Directors approve the proposed amendments to Policy No. 2.15, Medical Benefits, of Upper District's Policy Manual and adopt Resolution No. 7-21-622 (Attachment 1) reflecting the amended policy. Staff also recommends that the Board of Directors approve one-time longevity payments to employees depending on their years of service.

### Background

Consistent with Upper District's Strategic Plan goals and objectives, staff looked at current Upper District benefits and identified areas where Upper District can reduce costs and still maintain competitive benefits. At the June 2021 Administration and Finance Committee meeting, staff presented the following proposed changes to employee, director and retiree benefits:

1. Implement a combined annual cap for medical, optical, dental and hearing reimbursements of \$4,000 for individual plans, \$8,000 for a two-party plan, and \$12,000 for a family plan.
2. For employees and directors who began service with Upper District on or after July 1, 2021, Upper District will pay health coverage for employees, directors and one eligible dependent, with an option to upgrade to a family plan at the employee's or director's own expense.
3. For employees and directors who began service with Upper District on or after July 1, 2021, Upper District will provide retiree health benefits until covered by Medicare.

Working with District Counsel, staff incorporated the proposed benefit changes in the Policy Manual. The proposed changes also include cleanup of existing language to clarify the policy and include some best practices recommended by ACWA JPIA. A redlined version of the relevant sections of the Policy Manual is provided as Attachment 2.

Listed below are the proposed one-time longevity payments for staff based on years of service:

- 5 years of service - \$50
- 10 years of service - \$100
- 15 years of service - \$150
- 20 years of service - \$200
- 25 years of service - \$250
- 30 years of service - \$300

### Attachments

**RESOLUTION NO. 7-21-622****A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER  
SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
ESTABLISHING DISTRICT POLICY RELATING TO HEALTH  
BENEFITS FOR QUALIFIED PROGRAM PARTICIPANTS**

WHEREAS, UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT ("Upper District") maintains a program that provides certain medical, dental and optical benefits for qualified program participants; and

WHEREAS, the current benefits structure was established and amended by Resolution Nos. 7-01-386 and 8-02-406; and

WHEREAS, the Upper District Board of Directors desires to make appropriate changes to its health insurance and benefits programs in order to sustain the value of the benefits provided while providing fiscal stability for the Upper District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT as follows:

Section 1. Qualified Program Participants:

- A. For the purpose of this resolution, qualified program participants are defined as follows:
1. Employee. All full-time employees of the Upper District are qualified program participants two months subsequent to the date that employment with the Upper District commences.
  2. Officers appointed by the Board of Directors (including the General Manager). All officers of the Upper District are qualified program participants upon assumption of official duty.
  3. Directors. All Directors of the Upper District are qualified program participants upon assumption of office.
  4. A dependent shall be any individual who is related to a director, officer, or employee in one of the following ways: (a) the current spouse or registered domestic partner; (b) a dependent child, under the age of 26; or (c) an unmarried dependent child who, regardless of age, is physically or mentally incapacitated and incapable of self-support at the time insurance benefits are provided. Eligibility of medical benefits provided to a surviving spouse shall cease upon remarriage of the surviving spouse.
  5. Retired officer and retired employee (other than an Upper District Director) is one of the following: (a) officers or full-time employees who began service with the Upper District, on or before June 30, 2021, who has served the Upper District continuously for a period of ten (10) years or more and is either deceased while serving the Upper District, or has

reached the age of 55 years or older while employed full-time by the Upper District; or (b) officers and full-time employees who began service with the Upper District, on or after July 1, 2021, and has served the Upper District continuously for a period of ten (10) years or more and is either deceased while employed full-time with the Upper District, or has reached the normal retirement age set by CalPERS while employed full-time with Upper District, but has not yet attained the age of 65 years or eligibility for Medicare (Medicare Age). Once the retired officer, retired employee, or their surviving spouse reaches Medicare Age, retiree medical benefits through the Upper District shall cease. Retiree medical benefits provided to a surviving spouse shall cease upon remarriage of the surviving spouse.

6. Retired director is a former elected or appointed member of the Upper District Board of Directors and is an individual who: (a) served in office after January 1, 1981, (b) was elected to the Board prior to January 1, 1995, (c) has served not less than twelve years or three full terms of office, and (d) attained the age of 50 years.
7. Due to requirements of the group health insurance carrier currently used by Upper District, when eligible for Medicare Part A and Part B, employees and retirees who began service with the Upper District on or before June 30, 2021, must enroll in Medicare Part A and Part B to continue to qualify for Upper District's group medical coverage.

Section. 2. Medical Insurance:

- A. The District will pay, from funds under its jurisdiction, the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance Policy, as selected and approved, from time to time, by the Board of Directors, for each qualified program participant of the District and their eligible dependents, as defined in Section 1, for those qualified program participants who began service with the Upper District, on or before June 30, 2021.
- B. The District will pay, from funds under its jurisdiction, the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance Policy, as selected and approved, from time to time, by the Board of Directors, for qualified program participant of the District and one dependent only for those qualified program participants who began service with the Upper District on or after July 1, 2021. The qualified program participant has the option to upgrade their health coverage to cover all dependents as defined in Section 1 at the qualified program participant's own expense.
- C. A former elected member of the Board of Directors who has completed one or more terms of office, but less than 12 years, may elect to continue insurance benefits after leaving office for him/herself and his/her dependents, provided he/she agrees to, and does pay, the full premiums, dues, and costs thereof, consistent with the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Section 3. Health Reimbursement:

- A. In addition to other compensation and benefits, the District shall reimburse qualified program participants, as defined in Section 1, for their out-of-pocket expenses paid on account of deductions/deductibles required under group insurance coverage provided by the Upper District for reasonable medical, health, accident, hospitalization, dental, hearing, and vision including eligible expenses allowed under Internal Revenue Code section 213(d), up to a maximum of Four Thousand Dollars (\$4,000.00) for each qualified program participant in each calendar year. A qualified program participant on a two-party plan with one (1) Dependent shall have a maximum of Eight Thousand Dollars (\$8,000.00) in eligible reimbursements each calendar year. A qualified program participant on a family plan with two (2) or more dependents shall have a maximum of Twelve Thousand Dollars (\$12,000.00) in eligible reimbursements in each calendar year.

Section 4. Effective Date:

- A. This resolution shall become effective immediately upon adoption.

Section 5. Repeals:

- A. Resolutions No. 7-01-386 and No.8-02-406 are hereby repealed and replaced by this Resolution.

PASSED, APPROVED AND ADOPTED this \_\_\_ day of \_\_\_\_, 2021.

\_\_\_\_\_  
Ed Chavez, President

ATTEST:

\_\_\_\_\_  
Katarina Garcia, Secretary

(SEAL)

APPROVED AS TO FORM:

\_\_\_\_\_  
Steven P. O'Neill, District Counsel

Upper San Gabriel Valley Municipal Water District <b>MANUAL OF POLICIES</b>			
Subject	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Date Revised</b>
<b>MEDICAL BENEFITS</b>	<b>2.15</b>	<b>05-03-11</b>	<b>04-02-13</b> <b>11-04-14</b> <b>12-08-15</b> <b>09-06-16</b>

### Purpose

2.15.1 The District provides medical coverage and expense reimbursements to Board Members and understands the need to have those benefits and the process by which to receive reimbursement clarified.

### Background

2.15.2 The Upper District maintains a program that provides certain medical, dental and optical insurance benefits for qualified program participants, and the Upper District Board of Directors desires to continue the program with appropriate amendments enacted to preserve the value of the benefits provided.

### Policy

2.15.3 To the extent allowed by ACWA/JPIA under existing laws and for the purpose of this policy, qualified program participants are defined as follows:

- (a) Employee. All full-time employees of the District are qualified program participants two months subsequent to the date that employment with the District commences. For purposes of this policy only, "full time" is defined as scheduled to work, and normally working, forty (40) hours per week because this is the regular schedule of full-time Upper District employees.
- (b) Officers appointed by the Board of Directors (including the General Manager). All officers of the District are qualified program participants immediately upon assumption of official duty.
- ~~(d)~~ (c) Directors. All Directors of the District are qualified program participants upon assumption of office for pre-retirement health care coverage.
- (d) —A dependent shall be any individual who is related to a director, officer, or employee in one of the following ways: —(1) the current spouse or registered domestic partner; (2) a dependent child, under the age of 26; or (3) an unmarried dependent child who, regardless of age, is physically or mentally incapacitated and incapable of self-support at the time insurance benefits are provided. Eligibility of medical benefits provided to a surviving spouse shall cease upon remarriage of the surviving spouse.

- (e) Retired officer and retired employee (other than an Upper District Director) is one of the following: ~~(a) For all former officers or full-time employees who began service with the Upper District, on or before June 30, 2002, a retired officer and retired employee (other than Director) is an individual who has served the Upper District for ten (10) or more years and is either deceased or has retired at the age 55 years or older. (a1) For all former officers or full-time employees who began service with the Upper District, on or before June 30, 2021, a retired officer and retired employee (other than Director) is an individual who has served the Upper District continuously for a period of ten (10) years or more and is either deceased while serving-employed full-time with the Upper District, or has reached the age of 55 years or older while serving-employed full-time with the Upper District; or (2) officers and full-time employees who began service with the Upper District, on or after July 1, 2021, and has served the Upper District continuously for a period of ten (10) years or more and is either deceased while employed full-time with the Upper District, or has reached the normal retirement age set by CalPERS while employed full-time with Upper District, but has not yet attained the age of 65 years or eligibility for Medicare (Medicare Age). Once the retired officer, retired employee, or their surviving spouse reaches Medicare Age, retiree medical benefits through the Upper District shall cease. Retiree medical benefits provided to a surviving spouse shall cease upon remarriage of the surviving spouse.~~
- (e)(f) Retired director is a former elected or appointed member of the Upper District Board of Directors and is an individual who: ~~(a1)~~ served in office after January 1, 1981, ~~(b2)~~ was elected to the Board prior to January 1, 1995, ~~(c3)~~ has served not less than twelve years or three full terms of office, and ~~(d4)~~ attained the age of 50 years.
- (f)(g) Due to requirements of the group health insurance carrier currently used by Upper District, when eligible for Medicare Part A and Part B, employees and retirees who began service with the Upper District, on or before June 30, 2021, must enroll in Medicare Part A and Part B to continue to qualify for Upper District's group medical coverage.

2.15.4 For the purpose of this policy, Medical Insurance is defined as follows:

- (a) The District will pay, from funds under its jurisdiction, the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance Policy, as selected and approved, from time to time, by the Board of Directors, for each qualified program participant of the District and their eligible dependents, as defined in Section 2.15.3, for those qualified program participants who began service with the Upper District, on or before June 30, 2021.
- (b) The District will pay, from funds under its jurisdiction, the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance

Policy, as selected and approved, from time to time, by the Board of Directors, for each qualified program participant and one dependent only, for those qualified program participants that began service with the Upper District on or after July 1, 2021. The qualified program participant has the option to upgrade their health coverage to cover all dependents as defined in Section 2.15.3 at the qualified program participant's own expense.

(a)(c) Employees must enroll in the plan they wish to retire into during the open enrollment period prior to retirement. No dependents may be added to the plan upon or after retirement.

7(edb) A former elected member of the Board of Directors who has completed one or more terms of office, but less than 12 years, may elect to continue Insurance Benefits after leaving office for him/herself and his/her dependents, provided he/ or she agrees to, and does pay, the full premiums, dues, and costs thereof, consistent with the Consolidated Omnibus Budget Reconciliation Act (COBRA).

2.15.5 Pursuant to Resolution No. 7-21-622, 7-01-386, the Health Reimbursement Arrangement (HRA) Medical Reimbursement Policy health reimbursement arrangement (HRA) is set forth as follows:

(a) In addition to other compensation and benefits, the Upper District shall reimburse qualified program participants, as defined in Section 2.15.3, for their out-of-pocket expenses paid on account of deductions/deductibles required under group insurance coverage provided by the Upper District for reasonable ~~and necessary~~ costs incurred for the prevention, diagnosis, or treatment of a disease, illness, or injury, for major medical, health, accident, ~~and~~ hospitalization, dental, hearing, and vision including eligible ~~medical~~ expenses allowed under Internal Revenue Code Section 213(d), up to a maximum of ~~Two-Four~~ Five Hundred Thousand Dollars (\$~~2,54,000.00~~) for each ~~such~~ qualified program participant in each calendar year. A qualified program participant on a two-party plan with one (1) dependent shall have a maximum of Eight Thousand Dollars (\$8,000.00) in eligible reimbursements each calendar year. A qualified program participant on a family plan with two (2) or more dependents shall have a maximum of Twelve Thousand Dollars (\$12,000.00) in eligible reimbursements in each calendar year.

- Reimbursements are only available to directors and/or employees who are enrolled in a group health plan.
- At the end of each calendar year, employees and directors may opt out of the HRA, waiving future reimbursement.
- Employees and directors may permanently opt out of the HRA and waive future reimbursement.
- An expense, such as a deduction, already paid with pre-tax dollars will not be reimbursed on a pre-tax basis.

~~(b) 2.15.6 Pursuant to Resolution No. 7-01-386 the Limited Dental, Hearing and Vision Benefits is set forth as follows:~~

~~(a) In addition, Upper District will reimburse qualified program participants, through its dental, hearing, vision health reimbursement arrangement (HRA) program, for their out-of-pocket expenses for reasonable and necessary costs incurred for the prevention, diagnosis or treatment of a disease, illness or injury related to dental, hearing and vision needs as allowed under Internal Revenue Code Section 213(d), up to a maximum of Two Thousand Dollars (\$2,000.00) for each such qualified program participant, for each insurance year, subject to the following conditions:~~

~~HRA reimbursements are only available to directors and/or employees who are enrolled in a group health plan, other than the HRA.~~

~~At the end of each calendar year, employees and directors may opt out of the HRA, waiving future reimbursement.~~

~~Employees and directors may permanently opt out of the HRA and waive future reimbursement from the HRA.~~

~~(b) Subject to the foregoing, the Upper District will provide, to each such qualified program participant, as defined in Section 2.15.3, payment for a reasonable diagnostic, preventative and restorative dental care, reasonable hearing care including hearing examinations, hearing aids, and professional services in connection with diagnostic, preventative, retroactive and corrected hearing care, and/or reasonable vision care including eye examinations, lenses, frames and professional services in connection with diagnostic, preventative, retroactive and corrected vision care to a maximum of Two Thousand Five Hundred Dollars (\$2,500.00) per calendar year for each qualified program participant.~~

~~(c) To the maximum stated herein, the Upper District shall pay reasonable dental, hearing and/or vision care fees and the charges as stated above but in no event shall the Upper District's payment exceed the fees charged for said services or the maximum limits per qualified program participant, provided herein.~~

~~Regarding the maximum reimbursement limits stated herein, the Upper District shall pay reasonable medical, dental, hearing, and/or vision care fees and expenses as stated above, but in no event shall the Upper District's payment exceed the fees charged for said services or the maximum limits per qualified program participant, as provided herein.~~

~~(b) (fd) The Upper District shall permit and encourage a professional relationship between the dentist, audiologist and/or optometrist and~~

~~qualified program participant to be maintained without interference.~~ The Upper District shall not be liable for any act or omission by any health care provider, dentist, audiologist, and/or optometrist, his employees or agents, or any person performing medical, dental, hearing, and/or vision or other professional services to qualified program participants and/or their dependents under this ~~resolution~~policy.

(d) ~~(g)~~—The Upper District will honor only those ~~paid dental care, hearing care and/or vision care bills or invoices from the dentist, audiologist or optometrist~~invoices submitted for payment that are submitted directly to the Upper District or its third party administrator by the qualified program participant. Said bills or invoices should be submitted promptly after completion of compensable medical, dental, hearing, and/or vision ~~procedures~~expenses and must show the extent and nature of services provided and the actual charges to the qualified program participant and/or dependent, as applicable. Such payment shall be made by the Upper District or its third party administrator only upon receipt of evidence that is deemed satisfactory, showing the rendition of the covered services and the amount that the qualified program participant has paid or become obligated to pay thereafter.”

~~(e)~~(e) Any misuse of the HRA Plan by directors or employees will result in immediate and permanent removal from participation in the Upper District’s HRA Reimbursement Policy, and employees shall be subject to discipline, up to and including, termination from Upper District employment.