



**CITY OF EASTVALE
CITY COUNCIL REGULAR MEETING AGENDA**

**Rosa Parks Elementary School
13830 Whispering Hills Drive, Eastvale, CA 92880
Wednesday, May 11, 2016, at 6:30 P.M.**

City Council

Ike Bootsma, Mayor
Joseph Tessari, Mayor Pro Tem

Councilmembers

Clint Lorimore; Adam Rush

Michele Nissen, City Manager
John Cavanaugh, City Attorney
Marc Donohue, City Clerk

1. CALL TO ORDER

2. ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

Invocation led by Pastor Ed Moreno with New Day Christian Church

3. PRESENTATIONS/ANNOUNCEMENTS

At this time, the City Council may recognize citizens and organizations that have made significant contributions to the community and it may accept awards on behalf of the City.

3.1 So Cal Gas Presentation – Major Gas Line Project

3.2 Proclamation – Women’s Lung Health Week

3.3 Proclamation – Mental Health Month

4. STUDENT LIAISON REPORT

4.1 Update by Student Liaison

5. PUBLIC COMMENT

This is the time when any member of the public may bring a matter to the attention of the Mayor and the City Council that is within the jurisdiction of the City Council. The Ralph M. Brown act limits the Mayor's, City Council's and staff's ability to respond to comments on non-agendized matters at the time such comments are made. Thus, your comments may be agendized for a future meeting or referred to staff. The City Council may discuss or ask questions for clarification, if desired, at this time. Although voluntary, we ask that you fill out a "Speaker Request Form", available at the side table. The completed form is to be submitted to the City Clerk prior to being heard. Public comment is limited to two (2) minutes each with a maximum of six (6) minutes.

6. CONSENT CALENDAR

Consent Calendar items are normally enacted in one motion. The Mayor or City Council may remove a Consent Calendar item for separate action. Public comment is limited to two (2) minutes each with a maximum of (6) minutes.

6.1 City Council Meeting Minutes

RECOMMENDATION: Approve the minutes from the regular meeting held on April 27, 2016.

6.2 Eastvale Connection

RECOMMENDATION: Receive and file.

6.3 National Demographics Corporation Agreement

RECOMMENDATION: Ratify the agreement as approved.

6.4 Treasurer's Report – Quarter Ended March 31, 2016

RECOMMENDATION: Receive and file the City Treasurer's Report.

6.5 FY 15-16 Department of Resources Recycling and Recovery (Calrecycle) City/County Payment Program

RECOMMENDATION:

1. Adopt a resolution that authorizes the City Manager to have signature authority over all documents related to the Calrecycle City/County payment program entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, AUTHORIZING SUBMITTAL OF APPLICATION FOR PAYMENT PROGRAMS AND RELATED AUTHORIZATIONS

2. Approve the effort to complete the proposed application and subsequent submittal to Calrecycle by the established due date of June 1, 2016.

6.6 Emergency Management Performance Grant

RECOMMENDATION: Approve submittal of emergency management performance grant application for fiscal year 2016/2017.

7. PUBLIC HEARINGS

The public is encouraged to express your views on any matter set for public hearing. It is our procedure to first receive the staff report, then to ask for public testimony, first from those in favor of the project followed by testimony from those in opposition to it, and if there is opposition, to allow those in favor, rebuttal testimony only as to the points brought up in opposition. To testify on the matter, you need to simply come forward to the speaker's podium at the appropriate time, give your name and address and make your statement. After a hearing is closed, you may not further speak on the matter unless requested to do so or are asked questions by the Mayor or a Member of the City Council. Public comment is limited to two (2) minutes each with a maximum of six (6) minutes.

7.1 Proposed Voting by District Boundary Maps

RECOMMENDATION: Staff recommends that the City Council hold this public hearing on the issue of determining voting districts, receive public comments and provide direction to staff on the draft plans for the proposed boundaries of either five voting districts or four districts with an at-large mayor. The second public hearing is scheduled for May 25, 2016.

8. CITY COUNCIL BUSINESS

8.1 Acceptance and Quitclaim of Storm Drain Easement for Viva Drive Storm Drain – Tract 30971, Southwest Corner of Archibald Avenue and Schleisman Road

RECOMMENDATION: Adopt a resolution accepting storm drain easement within tract 30971 and quitclaiming such easement to Riverside County Flood Control & Water Conservation District entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, ACCEPTING AND QUITCLAIMING OF STORM DRAIN EASEMENT RELATED TO VIVA DRIVE STORM DRAIN, TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

8.2 Investment Policy & Investment Strategy Review

RECOMMENDATIONS:

1. Approve the changes to the City's investment policy and adopt the revised investment policy.
2. Approve the proposed recommended investment strategy.

9. CITY MANAGER/CITY STAFF REPORT

10. CITY COUNCIL COMMUNICATIONS

11. COMMITTEE REPORTS

- 11.1 League of California Cities
 - Executive Committee
 - Public Safety Committee
- 11.2 Southern California Association of Governments
- 11.3 Western Riverside Council of Governments
- 11.4 Riverside Transit Agency
- 11.5 Northwest Mosquito and Vector Control District
- 11.6 Riverside County Transportation Commission
- 11.7 Western Riverside County Regional Conversation Agency
- 11.8 Special Events

12. CLOSED SESSION

- 12.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9
Number of cases: two (2)

13. ADJOURNMENT

The next regular meeting of the Eastvale City Council will be held on May 25, 2016 at 6:30 p.m. at Rosa Parks Elementary School, 13830 Whispering Hills Drive, Eastvale, CA 92880.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City of Eastvale. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

I, Marc Donohue, City Clerk or my designee, hereby certify that a true and correct, accurate copy of the foregoing agenda was posted seventy-two (72) hours prior to the meeting, per Government Code 54954.2, at the following locations: City Hall, 12363 Limonite Ave. Suite 910; Rosa Parks Elementary School, 13830 Whispering Hills Drive; Eastvale Library, 7447 Scholar Way; and on the City's website (www.eastvaleca.gov)



PROCLAMATION WOMEN'S LUNG HEALTH WEEK MAY 8 - 14, 2016

WHEREAS, every five minutes, a woman in the U.S. is told she has lung cancer; and

WHEREAS, lung cancer is the #1 cancer killer of women in the U.S., surpassing breast cancer in 1987; and

WHEREAS, the lung cancer death rate in women has more than doubled over the past 35 years; and

WHEREAS, women are disproportionately burdened with COPD compared to men in terms of illness and death; and

WHEREAS, asthma is more common in women than men; and

WHEREAS, advocacy and increased awareness will result in more and better treatment for women with lung cancer, COPD, asthma and other lung diseases and will ultimately save lives; and

WHEREAS, LUNG FORCE is the new national movement led by the American Lung Association, with the mission of making lung cancer and lung disease history - uniting women to stand together with a collective strength and determination to lead the fight against lung cancer and for lung health; and

NOW, THEREFORE, the City Council of the City of Eastvale does hereby proclaim May 8 - 14, 2016 as Women's Lung Health Week throughout the City of Eastvale and encourage all residents of the City of Eastvale to learn more about the detection and treatment of lung cancer and all lung disease.

Ike Bootsma, Mayor



PROCLAMATION MENTAL HEALTH MONTH MAY 2016

WHEREAS, mental illness can effect anyone, regardless of age, background, employment, education and income level, with those who are very young and seniors among the most vulnerable; and

WHEREAS, Mental Health America established the observance of “May is Mental Health Month” in 1949 to increase awareness and understanding of mental health; and

WHEREAS, the United States Department of Health and Human Services reports that one in five American adults experienced a mental health issue in 2014 and one in ten young people experienced a period of major depression; and

WHEREAS, half of all mental health disorders show first signs before a person turns 14 years old and three quarters of mental health disorders begin before age 24; and

WHEREAS, encouraging awareness of mental health and promoting wellness and recovery for those living with mental illness are important values for every community; and

NOW, THEREFORE, the City Council of the City of Eastvale does hereby proclaim May 2016 as Mental Health Month throughout the City of Eastvale to signify its support of greater awareness of mental health and joins with the Riverside County Behavioral Health Commission in its observance of May as Mental Health Month for 2016.

Ike Bootsma, Mayor

MINUTES
REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF EASTVALE
Wednesday, April 27, 2016
6:30 P.M.
Rosa Parks Elementary School
13830 Whispering Hills Drive, Eastvale, CA 92880

1. **CALL TO ORDER** – 6:30 p.m.
2. **ROLL CALL/PLEDGE OF ALLEGIANCE/INVOCATION**

Councilmembers present: Lorimore, Tessari, Bootsma
Councilmembers absent: Rush

Staff present: City Manager Nissen, City Attorney Cavanaugh, City Engineer Indrawan, Manager of Public Works Alvarez, Police Chief Horton, Battalion Chief Scribner, Code Enforcement Officer Lopez, Recording Secretary Wuence

There was no invocation.

The Pledge of Allegiance was led by Mayor Bootsma.

3. **PRESENTATIONS/ANNOUNCEMENTS**

- 3.1 Proclamation – National Prayer Day

Mayor Bootsma presented the proclamation to Carolyn Preschern, Moderator for the Inland Empire Prayer Breakfast.

- 3.2 Eastvale Community Foundation Update

Dawn Hook, Executive Director of the Community Foundation, provided an update.

Councilmembers discussed the update and Executive Director Hook answered related questions.

- 3.3 Public Safety Commission Update

Chris Hook, Chair of the Public Safety Commission, provided an update.

- 3.4 Employee Introduction: Vanessa Lopez, Code Enforcement Officer

City Manager Nissen introduced Code Enforcement Officer Lopez and provided a brief background on her career.

4. STUDENT LIAISON REPORT

4.1 Julia Sung, Student Liaison, provided a report.

5. PUBLIC COMMENT

Chris Hook, resident, expressed his opposition to converting to district elections.

6. CONSENT CALENDAR

6.1 City Council Meeting Minutes

RECOMMENDATION: Approve the minutes from the regular meeting held on April 13, 2016.

6.2 Warrant Register

RECOMMENDATION: Approve the payment of warrants as submitted by the Finance Department.

6.3 Eastvale Connection

RECOMMENDATION: Receive and file.

6.4 Planning Department Update

RECOMMENDATION: Receive and file.

6.5 Public Works Department Update

RECOMMENDATION: Receive and file.

Motion: Moved by Mayor Pro Tem Tessari, seconded by Councilmember Lorimore to move the consent calendar.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

7. PUBLIC HEARINGS - None

8. CITY COUNCIL BUSINESS

8.1 Commercial Vehicle Parking Ordinance Amendment

RECOMMENDATION: Approve the first reading of an ordinance amending Eastvale municipal code section 10.20.160 relating to commercial vehicle parking, entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, AMENDING SECTION 10.20.160(A) OF CHAPTER 10.20 OF TITLE 10 TO THE EASTVALE MUNICIPAL CODE ESTABLISHING UNLAWFUL PARKING OF COMMERCIAL VEHICLES

City Attorney Cavanaugh requested that the City Council take this item off calendar at this time.

Motion: Moved by Mayor Bootsma, seconded by Mayor Pro Tem Tessari to take the item off calendar.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

- 8.2 Approval of Parcel Map No. 36487 – Tarpon Property East Side of Hamner Avenue between Bellegrave and Cantu Galleano Ranch Road

RECOMMENDATION: Adopt a resolution approving parcel map no. 36487 project no. 11-0271, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, APPROVING PARCEL MAP NO. 36487 (PROJECT 11-0271)

City Engineer Indrawan summarized the staff report.

Motion: Moved by Mayor Pro Tem Tessari, seconded by Councilmember Lorimore to move the recommended action.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

- 8.3 Agreement for Professional Engineering Services for Citywide Truck Route Study

RECOMMENDATION: Approve an agreement with Minagar & Associates, Inc. to conduct a citywide truck route study.

Manager of Public Works Alvarez summarized the staff report.

Motion: Moved by Councilmember Lorimore, seconded by Mayor Pro Tem Tessari to move the recommended action.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

- 8.4 Renewal of Contract with Calfire for Fire Protection Services

RECOMMENDATION: Approve the cooperative agreement between the County of Riverside and the City of Eastvale for fire protection, fire prevention, rescue and medical emergency services in the amount of \$3,299,903.00.

City Manager Nissen summarized the staff report.

Councilmembers discussed the item and staff answered related questions.

Motion: Moved by Mayor Pro Tem Tessari, seconded by Councilmember Lorimore to move the recommended action.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

8.5 By-District Elections for City Councilmembers

RECOMMENDATIONS:

1. Review the staff report and presentation by National Demographics Corporation;
2. Adopt a resolution with attached schedule set out for moving to by-district voting in time for the November 2016 election, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, INITIATING PROCEDURES FOR ESTABLISHING AND IMPLEMENTING BY-DISTRICT ELECTIONS FOR CITY COUNCILMEMBERS, INCLUDING SPECIFYING CRITERIA FOR ESTABLISHMENT OF THOSE VOTING DISTRICTS

3. Set the first public hearing in the process for Wednesday, May 11, 2016 and;
4. Request that staff notice such public hearing and post related documents on the city website.

City Attorney Cavanaugh introduced the item and Assistant City Attorney Martyn summarized the staff report.

Douglas Johnson, National Demographics Corporation, made a presentation on the introduction to districting.

Councilmembers discussed the item and staff answered related questions.

Mayor Bootsma called for a recess at 7:49 p.m.
The meeting was called back to order at 7:53 p.m.

The following individuals expressed opposition to converting to district elections:

1. Dickie Simmons
2. Howard Feng
3. Josh Lee

Councilmembers discussed the item and staff answered related questions.

Motion: Moved by Mayor Bootsma, seconded by Mayor Pro Tem Tessari to move the recommended actions.

Motion carried 3-0 with Councilmember Lorimore, Mayor Pro Tem Tessari and Mayor Bootsma voting aye.

9. CITY MANAGER/CITY STAFF REPORT

City Manager Nissen thanked City staff for all their hard work and dedication to the City of Eastvale.

City department heads provided an update on current projects in their departments. Councilmembers discussed the updates and staff answered related questions.

10. CITY COUNCIL COMMUNICATIONS

Councilmember Lorimore discussed the upcoming League of California Cities Riverside Division meeting and the SCAG general assembly. He wished everyone a happy belated Earth Day. He discussed a recent Water Task Force meeting with Western Municipal Water District. He noted that he spoke at recent Rotary Club event in the City of Jurupa Valley.

Mayor Pro Tem Tessari stated that he will be attending the upcoming League of California Cities Riverside Division meeting.

Mayor Bootsma encouraged the community to attend the Relay for Life event. He noted that he will also be attending the League of California Cities Riverside Division meeting.

11. COMMITTEE REPORTS

- 11.1 League of California Cities
- Executive Committee
 - Public Safety Committee

Councilmember Lorimore provided a report.

- 11.2 Southern California Association of Governments

No report was given.

11.3 Western Riverside Council of Governments

No report was given.

11.4 Riverside Transit Agency

No report was given.

11.5 Northwest Mosquito and Vector Control District

No report was given.

11.6 Riverside County Transportation Commission

No report was given.

11.7 Western Riverside County Regional Conversation Agency

No report was given.

11.8 Special Events

12. CLOSED SESSION

12.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9:
Number of cases: ONE

City Attorney Cavanaugh requested that the closed session be cancelled so that the entire City Council can participate. By consensus, the City Council decided to cancel the closed session.

13. ADJOURNMENT

There being no further business, the meeting was adjourned at 8:41 p.m.

*Submitted by Marc Donohue, City Clerk
Reviewed and edited by Michele Nissen, City Manager*

Respectfully submitted,

Marc Donohue, City Clerk

EASTVALE CONNECTION



May 5, 2016

MEETING SCHEDULE:

Eastvale City Council Meeting

➔ Wednesday, May 11 @ 6:30 p.m.

➔ Wednesday, May 25 @ 6:30 p.m.

Eastvale Special City Council Meeting

➔ Wednesday, May 11 @ 5:00 p.m.

Eastvale Planning Commission Meeting

➔ Wednesday, May 18 @ 6:00 p.m.

Eastvale Public Safety Commission Meeting

➔ Tuesday, May 24 @ 6:00 p.m.

Meetings held at:
Rosa Parks Elementary
School

13830 Whispering Hills Dr.
Eastvale, CA 92880

UPCOMING EVENTS:

- ♦ **May 7th** – Grow Together: Family Gardening Workshop at the Eastvale Community Center from 9:00 a.m. – 11:00 a.m.
- ♦ **May 9th** – CNUSD eSTEM Academy Community Information Night at ERHS Cafeteria from 6:00 p.m. – 8:00 p.m.
- ♦ **May 10th** – Town Hall Meeting at Rosa Parks Elementary from 6:30 p.m. – 8:00 p.m.
- ♦ **May 12th** – Harada Elementary Blood Drive and Morrow Screening from 2:00 p.m. – 7:00 p.m.
- ♦ **May 14th** – ERHS Athletics Sports Physicals Fundraiser at ERHS from 8:00 a.m. – 12:00 p.m.
- ♦ **May 14th** – WRCRWA Treatment Community Chat on Baron Road from 9:00 a.m. – 11:00 a.m.
- ♦ **May 14th** – In Full Color Gardening Class at the JCSD Office from 9:00 a.m. – 12:00 p.m.
- ♦ **May 14th** – Moonlight Cinema: “Finding Nemo” at Orchard Park beginning at Dusk
- ♦ **May 18th** – SBDC Internet Sales and Use Tax Workshop at New Day Church from 9:00 a.m. – 12:00 p.m.

Visit the city's website for additional information regarding these and future events.



Stay Informed

Sign up for **E-Notify** to receive the latest information about community events, press releases, city council meetings and more directly to your inbox!

Report Non-Emergency Issues to JCSD and the City of Eastvale Through Your Smartphone

E-Citizen

Download it now!



E-citizen is a free and simple way to report NON-EMERGENCY issues within the boundaries of JCSD's service area and the City of Eastvale such as:

- Code Enforcement (Eastvale boundaries)
- Graffiti (JCSD Service Area)
- Illegal Dumping (Eastvale boundaries)
- Park Maintenance (JCSD Parks Territory)
- Potholes (Eastvale boundaries)
- Water (leaks, flooding, etc.)
- And so much more!

Visit www.bitly.com/ECitizen for additional information



12363 Limonite Ave. Ste. 910, Eastvale, CA 91752

City Hall is open Monday – Thursday from 7:30 a.m. – 5:30 p.m. City Hall is closed on Fridays.

T: (951) 361-0900 **F:** (951) 361-0888 **E:** info@eastvaleca.gov **W:** www.eastvaleca.gov



AGREEMENT FOR DEMOGRAPHIC SERVICES

I. PARTIES.

The Parties to this agreement are National Demographics Corporation ("NDC"), P.O. Box 5271, Glendale, CA 91221, and The Cavanaugh Law Group ("the Client"), located at 303 West Katella, Ste. 272, Orange, CA 92867.

II. SCOPE OF WORK AND FEES.

A. NDC shall provide to the client the GIS/demographic services ("Services") identified in the proposal (the "Proposal") attached and incorporated here. If this Agreement is inconsistent with the Proposal, this Agreement shall govern.

B. Total fees for the Services shall be \$23,000.00.

C. Total fees do not include attendance/presentations by NDC in person at public meetings concerning the Services. If the client requests such attendance or presentations, it will be billed at a rate of \$2000 per day. Client also agrees to translation fees of \$125/page

D. The estimated commencement date for the Services is upon execution of this Agreement.

E. It is estimated that the completion date for the services to be provided herein is June 8 2016.

III. BILLING.

NDC shall submit monthly invoices to the Client. NDC will bill Client monthly for all fees and expenses incurred in connection with the Services during the preceding billing period. Payments will be made by Client within fifteen (15) working days of Client's receipt of payment by its client.

IV. CONFIDENTIALITY.

A. NDC understands that in connection with the Services, the client Cavanaugh Law Group may deliver to NDC proprietary or confidential information. At all times, both during this Agreement and after its termination, NDC will protect such confidential information from unauthorized dissemination and use, and shall not disclose any confidential information or the results of its study without the prior written consent of Client. NDC may use such confidential information solely for the purpose of performing the Services under this Agreement and for no other purpose.

B. NDC agrees that immediately upon the Client's request, and in any event upon completion of the Services, NDC shall deliver to the Client any confidential information and all copies, derivatives, and extracts thereof.

V. TERMINATION.

The Client may terminate this Agreement at any time, with or without cause, by giving written notice to NDC, and such termination will be effective upon NDC's receipt of such written notice. In the event of such termination, the Client will be obligated to pay NDC any outstanding fees due under this Agreement, only for such Services actually completed by NDC and reasonably acceptable to the Client as of the effective date of termination.



IV. INDEPENDENT CONTRACTOR.

A. NDC is an independent contractor and is solely responsible for all taxes, withholdings, and other similar statutory obligations, and NDC agrees to defend, indemnify and hold the Client harmless from any and all claims made by any entity on account of an alleged failure by NDC to satisfy any such tax or withholding obligations.

B. NDC has no authority to act on behalf of or to enter into any contract, incur any liability or make any representation on behalf of the Client.

C. NDC will supply all tools and equipment necessary to perform the Services except as otherwise stated in the Proposal.

D. NDC is not required to report to work at the offices of the Client during any particular work hours.

A handwritten signature in blue ink, appearing to read "Douglas Johnson", written over a horizontal line.

Douglas Johnson
President, National Demographics Corporation

4-27-2016

Date

A handwritten signature in blue ink, appearing to read "John Cavanaugh", written over a horizontal line.

John Cavanaugh
On behalf of the Client

5-2-2016

Date



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 6.4

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JAMES R. RILEY, INTERIM FINANCE DIRECTOR

SUBJECT: TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2016

RECOMMENDATION: RECEIVE AND FILE THE CITY TREASURER'S REPORT.

BACKGROUND

In accordance with Resolution 11-02, City of Eastvale's Investment Policy, adopted January 12, 2011, the City Treasurer is required to submit a quarterly treasurer's report to the City Council. The report shall include types of investments, investment ratings, institutions involved, dates of purchases, dates of maturity, amount of deposits or cost of the security, current market value of the securities, interest rates, investment fund balances and a statement that there are sufficient funds to meet the City's cash obligations.

DISCUSSION

There are two schedules which will allow Council to review the total cash available to the City and to review the types of investments that the City of Eastvale holds and the pertinent details of those investments.

Schedule 1, Schedule of Investments, includes a breakdown of the City's investments by "Active" or "Inactive" Deposits. "Active Deposits" are those accounts which receive revenues, whereas "Inactive Deposits" are available for use but are not earning revenues. Moreover, the City's investments are presented at par value (face value), book value, and market value and with all supplemental information as required by the City's investment policy.

Schedule 2, Dash Board Report Card, consists of four sections:

- I. Cash Flow – This section compares the Active and Inactive Deposits at June 30 for the prior two fiscal years and the three months for the current quarter. Additionally, this section shows the change in Active Deposits from each of the compared periods.
- II. Liquidity Calculation – Liquidity is amount of capital that is available for investment or spending. Liquidity is determined by means of a calculation using average monthly cash balances and expenditures reduced by reserve requirements.
- III. Portfolio Diversification – This section reflects the diversification of the City of Eastvale's portfolio by both type of instrument and length of maturity.



CITY OF EASTVALE CITY COUNCIL STAFF REPORT

ITEM 6.4

IV. Portfolio Performance Measures – The section gives a comparison of the City’s investment yield for the prior two fiscal years and the end of the quarter. This section also compares budget to actuals in the area of interest earned.

The City of Eastvale’s Schedule of Investments is in compliance with the City’s Investment Policy. The City has sufficient funds to meet its expenditure requirements for the next six months. Total cash and investments at March 31, 2016 is \$51,643,380 (book value). Interest income earned through March 31, 2016 is \$114,333, which surpasses the 2015-16 budgeted amount for interest of \$48,070.

FISCAL IMPACT - None

STRATEGIC PLAN IMPACT

Goal 1: Establish a solid fiscal foundation for the City

ATTACHMENTS

1. Schedule of Investments – March 31, 2016
2. Dash Board Report Card – March 31, 2016

Prepared by: James R. Riley, Interim Finance Director
Reviewed by: Michele Nissen, City Manager
Reviewed by: John Cavanaugh, City Attorney



City of Eastvale
Schedule of Investments
As of March 31, 2016

Institution	Par Value	Book Value Price @ Cost	(Fair Value) Market Value	Accrued Interest	Yield	Purchase Date	Maturity Date
<u>ACTIVE DEPOSITS</u>							
<i>Money Market Accounts:</i>							
Citizens Business Bank - Money Market	\$ 5,172,522.57	\$ 5,172,522.57	\$ 5,172,522.57		0.350%	N/A	N/A
Total Money Market	\$ 5,172,522.57	\$ 5,172,522.57	\$ 5,172,522.57		0.350%		
<i>Pooled Investment Accounts:</i>							
Local Agency Investment Fund	\$ 25,781,635.97	\$ 25,781,635.97	\$ 25,760,674.55		0.506%	N/A	N/A
Total Pooled Investment	\$ 25,781,635.97	\$ 25,781,635.97	\$ 25,760,674.55		0.506%		
<i>Certificates of Deposit:</i>							
Capital One NA McLean VA CD	\$ 248,000.00	\$ 248,000.00	\$ 250,668.48	\$ 88.95	1.650%	09/16/15	09/24/18
Discover Bk Greenwood DE CD	\$ 248,000.00	\$ 248,000.00	\$ 248,746.48	\$ 48.52	1.200%	09/18/13	09/26/16
Sallie Mae Bank Salt Lake City UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,915.12	\$ 789.73	1.050%	12/04/13	12/12/16
Flushing Bank NY CD	\$ 249,000.00	\$ 249,000.00	\$ 249,146.91	\$ 80.32	0.750%	12/11/13	06/30/16
Bank Baroda New York NY CD	\$ 248,000.00	\$ 248,000.00	\$ 248,905.20	\$ 504.17	1.000%	01/14/14	01/17/17
GE Cap Ret Bk Draper UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,709.28	\$ 329.07	1.050%	02/10/14	02/17/17
Goldman Sachs New York NY CD	\$ 248,000.00	\$ 248,000.00	\$ 248,729.12	\$ 84.90	1.050%	03/11/14	03/20/17
Community & South Atlanta GA CD	\$ 249,000.00	\$ 249,000.00	\$ 249,002.49	\$ 591.88	0.500%	04/02/14	04/08/16
Key Bank CD Cleveland OH CD	\$ 249,000.00	\$ 249,000.00	\$ 249,480.57	\$ 681.68	0.600%	04/02/14	10/17/16
Private Bank & TC Chicago Ill CD	\$ 248,000.00	\$ 248,000.00	\$ 248,885.36	\$ 1,131.58	1.000%	04/02/14	04/17/17
Citizens State Bank CD Okemah OK CD	\$ 249,000.00	\$ 249,000.00	\$ 249,019.92	\$ 63.48	0.500%	05/06/14	05/12/16
Barclays Bank CD Wilmington DE CD	\$ 248,000.00	\$ 248,000.00	\$ 248,788.64	\$ 1,041.73	1.100%	05/06/14	05/15/17
Synovus Bank CD Columbus GA CD	\$ 249,000.00	\$ 249,000.00	\$ 249,505.47	\$ 702.87	0.750%	05/06/14	11/15/16
Home Bank CD Lake Mary FL CD	\$ 249,000.00	\$ 249,000.00	\$ 249,253.98	\$ 240.96	1.200%	03/10/15	03/29/18
Ally Bk Midvale UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,672.08	\$ 35.38	1.050%	03/17/15	09/26/17
Amex Centurion Salt Lake City UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,250.48	\$ 1,102.78	1.050%	06/09/15	06/18/18
Total Certificates of Deposit	\$ 3,974,000.00	\$ 3,974,000.00	\$ 3,984,679.58	\$ 7,518.00			
<u>ACTIVE DEPOSITS TOTAL</u>	\$ 34,928,158.54	\$ 34,928,158.54	\$ 34,917,876.70		0.536%		
<u>INACTIVE DEPOSITS</u>							
<i>Checking Account:</i>							
Citizens Business Bank - Checking		\$ 16,715,221.40	\$ 16,715,221.40		0.000%	N/A	N/A
Total		\$ 16,715,221.40	\$ 16,715,221.40		0.000%		
<u>INACTIVE DEPOSITS TOTAL</u>		\$ 16,715,221.40	\$ 16,715,221.40				
<u>GRAND TOTAL CASH</u>		\$ 51,643,379.94	\$ 51,633,098.10				

Per Government Code requirements, the Investment Report is in compliance with the City of Eastvale's Investment Policy, and there are adequate funds available to meet budgeted and actual expenditures for the next six months.

James R. Riley, Interim Finance Director
5/4/2016



**City of Eastvale
Dash Board Report Card
As of March 31, 2016**

	JUNE FY 2013-14	JUNE FY 2014-15	JANUARY FY 2015-16	FEBRUARY FY 2015-16	MARCH FY 2015-16
I. CASH FLOW					
ACTIVE DEPOSITS					
Book Value Price @ Cost					
Citizen's Business Bank - Money Market	\$ 2,910,040.37	\$ 2,920,222.08	\$ 5,169,448.77	\$ 5,170,985.44	\$ 5,172,522.57
LAIF	\$ 20,671,336.74	\$ 25,721,881.36	\$ 25,781,635.97	\$ 25,781,635.97	\$ 25,781,635.97
Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -
CD - Ally Bk Midvale Utah CD	\$ 249,000.00	\$ -	\$ -	\$ -	\$ -
CD - ST Bk of India CD New York NY CD	\$ 248,000.00	\$ 248,000.00	\$ -	\$ -	\$ -
CD - GE Cap Bk Salt Lake City UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ -
CD - Discover Bk Greenwood DE CD	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Beal Bank USA Las Vegas NV CD	\$ 249,000.00	\$ -	\$ -	\$ -	\$ -
CD - Firstbank PR Santurce CD	\$ 249,000.00	\$ 249,000.00	\$ -	\$ -	\$ -
CD - Flushing Bank NY CD	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Sallie Mae Bank Salt Lake City UT CD	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Rollstone Bank Fitchburg MA CD	\$ 249,000.00	\$ 249,000.00	\$ -	\$ -	\$ -
CD - Bank Baroda New York NY	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - BMW Bank NA Salt Lake City UT	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ -	\$ -
CD - Doral Bank Catano PR	\$ 249,000.00	\$ -	\$ -	\$ -	\$ -
CD - GE Cap Ret Bk Draper UT	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Goldman Sachs New York NY	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Community & South Atlanta GA CD	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Key Bank CD Cleveland OH CD	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Private Bank & TC Chicago Ill CD	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Citizens State Bank CD Okemah OK CD	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Barclays Bank CD Wilmington DE CD	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Synovus Bank CD Columbus GA CD	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Home Bank CD Lake Mary FL CD	\$ -	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00	\$ 249,000.00
CD - Ally Bk Midvale UT CD	\$ -	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Amex Centurion Salt Lake City UT CD	\$ -	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
CD - Capital One NA Mclean VA CD	\$ -	\$ -	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00
ACTIVE DEPOSIT TOTALS	\$ 28,552,377.11	\$ 33,611,103.44	\$ 35,422,084.74	\$ 35,174,621.41	\$ 34,928,158.54
INACTIVE DEPOSITS					
Citizen's Business Bank - Checking	\$ 5,824,630.65	\$ 12,588,135.32	\$ 17,394,558.48	\$ 17,552,947.13	\$ 16,715,221.40
INACTIVE DEPOSITS TOTALS	\$ 5,824,630.65	\$ 12,588,135.32	\$ 17,394,558.48	\$ 17,552,947.13	\$ 16,715,221.40
GRAND TOTAL CASH	\$ 34,377,007.76	\$ 46,199,238.76	\$ 52,816,643.22	\$ 52,727,568.54	\$ 51,643,379.94
Change in Active Deposits from Prior Period	\$ 13,522,063.89	\$ 5,058,726.33	\$ (223,723.10)	\$ (247,463.33)	\$ (246,462.87)
II. LIQUIDITY CALCULATION					
Average Cash Balance	\$ 29,386,091.19	\$ 39,026,258.28			\$ 50,508,698.86
Six Month Cash Reserve	\$ 9,264,117.98	\$ 9,126,291.23			\$ 11,633,376.52
Available Investment Liquidity	\$ 20,121,973.21	\$ 29,899,967.05			\$ 38,875,322.34



**City of Eastvale
Dash Board Report Card
As of March 31, 2016**

	JUNE FY 2013-14	JUNE FY 2014-15	JANUARY FY 2015-16	FEBRUARY FY 2015-16	MARCH FY 2015-16
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III. PORTFOLIO DIVERSIFICATION

DIVERSIFICATION BY INSTRUMENT

Money Market	10.19%	8.69%	14.59%	14.70%	14.81%
LAIF	72.40%	76.53%	72.78%	73.30%	73.81%
Treasury Bills	0.00%	0.00%	0.00%	0.00%	0.00%
Certificates of Deposit	17.41%	14.78%	12.62%	12.00%	11.38%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

DIVERSIFICATION BY MATURITY

Less Than 90 Days	82.59%	85.95%		90.76%
Six Months (26 Weeks)	0.00%	0.74%		0.71%
One Year (52 Weeks)	1.74%	11.09%		7.11%
Two Years (104 Weeks)	6.10%	2.22%		1.42%
Three Years (156 Weeks)	9.57%	0.00%		0.00%
	<u>100.00%</u>	<u>100.00%</u>		<u>100.00%</u>

IV. PORTFOLIO PERFORMANCE MEASURES

Yield at Cost Month	0.339%	0.388%		0.536%	
Annual Interest Budget	\$ 25,129.00	\$ 33,050.00	\$ 48,070.00	\$ 48,070.00	\$ 48,070.00
Money Market	\$ 7,966.11	\$ 10,194.71	\$ 1,437.13	\$ 1,536.67	\$ 1,537.13
Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -
Certificate of Deposits	\$ 17,323.26	\$ 42,104.83	\$ 3,849.16	\$ 3,159.47	\$ 484.70
LAIF	\$ 46,588.16	\$ 54,335.30	\$ -	\$ -	\$ 29,760.15
LAIF Mark to Market	\$ 6,175.57	\$ 9,670.89	\$ -	\$ -	\$ -
Total Period Interest Earned	<u>\$ 78,053.10</u>	<u>\$ 116,305.73</u>	<u>\$ 5,286.29</u>	<u>\$ 4,696.14</u>	<u>\$ 31,781.98</u>
Total YTD Interest Earned	\$ 78,053.10	\$ 116,305.73	\$ 77,855.12	\$ 82,551.26	\$ 114,333.24
Over/(Under) Annual Budget	\$ 52,924.10	\$ 83,255.73	\$ 29,785.12	\$ 34,481.26	\$ 66,263.24
% of Annual Budget	310.610%	351.908%	161.962%	171.731%	237.847%



**City of Eastvale
Liquidity Calculation
Based on Fiscal Year 2015-2016 Actual/Cash Budget Forecast
As of March 31, 2016**

MONTHLY CASH BALANCES

<u>Month</u>	<u>Citizen's</u>	<u>LAIF</u>	<u>CD's</u>	<u>Total Cash By Month</u>	<u>Expenditures By Month</u>
July	\$ 18,711,021	\$ 25,737,073	\$ 4,969,000	\$ 49,417,095	\$ 1,021,986
August	\$ 17,148,403	\$ 25,737,073	\$ 4,969,000	\$ 47,854,476	\$ 700,377
September	\$ 18,310,713	\$ 25,737,073	\$ 4,969,000	\$ 49,016,786	\$ 3,154,192
October	\$ 18,106,710	\$ 25,757,796	\$ 4,969,000	\$ 48,833,506	\$ 2,068,763
November	\$ 17,517,729	\$ 25,757,796	\$ 4,969,000	\$ 48,244,526	\$ 1,283,977
December	\$ 20,053,190	\$ 25,757,796	\$ 4,720,000	\$ 50,530,986	\$ 740,490
January	\$ 22,564,007	\$ 25,781,636	\$ 4,471,000	\$ 52,816,643	\$ 2,889,303
February	\$ 22,723,933	\$ 25,781,636	\$ 4,222,000	\$ 52,727,569	\$ 2,106,903
March	\$ 21,887,744	\$ 25,781,636	\$ 3,974,000	\$ 51,643,380	\$ 2,152,143
April	\$ 22,136,744	\$ 25,811,396	\$ 3,725,000	\$ 51,673,140	\$ 2,382,873
May	\$ 22,385,744	\$ 25,811,396	\$ 3,476,000	\$ 51,673,140	\$ 2,382,873
June	\$ 22,634,744	\$ 25,811,396	\$ 3,227,000	\$ 51,673,140	\$ 2,382,873
(2)	\$ 244,180,682.11	(2) \$ 309,263,704.26	(2) \$ 52,660,000.00	\$ 606,104,386.37	(a) \$ 50,508,698.86 (1) \$ 23,266,753.04
Average	<u>\$ 20,348,390.18</u>	<u>\$ 25,771,975.36</u>	<u>\$ 4,388,333.33</u>	<u>\$ 50,508,698.86</u>	<u>\$ 1,938,896.09</u>

Six Month Cash Reserve
(3) \$ 11,633,376.52

Avg Monthly Cash Balance	(a) \$ 50,508,698.86
Less 50% Six Month Cash Reserve	(3) \$ (11,633,376.52)
Available Investment Liquidity	<u>\$ 38,875,322.34</u>

Notes:

- (1) Actual/Forecast Cash Budget FY 2015/16
- (2) Monthly Bank Reconciliations
- (3) Six Month Cash Reserve based on FY 15/16 Actual/Forecasted Annual Expenditures divided by two.



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 6.5

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: TAMRA IRWIN, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: FY15-16 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE) CITY/COUNTY PAYMENT PROGRAM

RECOMMENDATIONS:

1. **ADOPT A RESOLUTION THAT AUTHORIZES THE CITY MANAGER TO HAVE SIGNATURE AUTHORITY OVER ALL DOCUMENTS RELATED TO THE CALRECYCLE CITY/COUNTY PAYMENT PROGRAM ENTITLED:**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, AUTHORIZING SUBMITTAL OF APPLICATION FOR PAYMENT PROGRAMS AND RELATED AUTHORIZATIONS

2. **APPROVE THE EFFORT TO COMPLETE THE PROPOSED APPLICATION AND SUBSEQUENT SUBMITTAL TO CALRECYCLE BY THE ESTABLISHED DUE DATE OF JUNE 1, 2016.**
-

BACKGROUND

The Department of Resources Recycling and Recovery (CalRecycle) administers a payment program to provide opportunities for beverage container recycling and litter cleanup activities. Pursuant to the Public Resources Code Section 14581(a)(3)(A) of the California Beverage Container Recycling and Litter Reduction Act, CalRecycle is distributing \$10,500,000 in Fiscal Year 2015-16 to eligible cities and counties specifically for beverage container recycling and litter cleanup activities.

The goal of CalRecycle's Beverage Container Recycling City/County Payment Program (Program) is to reach and maintain an eighty percent (80%) recycling rate for all California refund value beverage containers – aluminum, glass, plastic, and bi-metal. Projects implemented by cities and counties will assist in reaching and maintaining this goal.

DISCUSSION

Applications are due June 1, 2016, with a final determination in July 2016. Each city is eligible to receive \$5,000 or an amount calculated by CalRecycle, on a per capita basis, whichever is greater. The term of the program begins upon notice of award and will end no later than June 29,



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 6.5

2018. The City will submit a project to purchase beverage recycling containers to further our recycling goals.

FISCAL IMPACT – None

STRATEGIC PLAN IMPACT - None

ATTACHMENT

1. Resolution 16-XX

Prepared by: Tamra Irwin, Senior Administrative Analyst
Reviewed by: John Cavanaugh, City Attorney
Reviewed by: Michele Nissen, City Manager

RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, AUTHORIZING SUBMITTAL OF APPLICATION FOR PAYMENT PROGRAMS AND RELATED AUTHORIZATIONS

WHEREAS, pursuant to Public Resources Code sections 48000 et seq., 14581, and 42023.1(g), the Department of Resources Recycling and Recovery (CalRecycle) has established various payment programs to make payments to qualifying jurisdictions; and

WHEREAS, in furtherance of this authority CalRecycle is required to establish procedures governing the administration of the payment programs; and

WHEREAS, CalRecycle’s procedures for administering payment programs require, among other things, an applicant’s governing body to declare by resolution certain authorizations related to the administration of the payment program.

NOW, THEREFORE, BE IT RESOLVED that City of Eastvale is authorized to submit an application to CalRecycle for any and all payment programs offered; and

BE IT FURTHER RESOLVED that the City Manager, or his/her designee, is hereby authorized as Signature Authority to execute all documents necessary to implement and secure payment; and

BE IT FURTHER RESOLVED that this authorization is effective until rescinded by the Signature Authority or this governing body.

PASSED, APPROVED AND ADOPTED this 11th day of May, 2016.

Ike Bootsma, Mayor

APPROVED AS TO FORM:

ATTEST:

John E. Cavanaugh, City Attorney

Marc Donohue, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF EASTVALE)

I, Marc Donohue, City Clerk of the City Council of the City of Eastvale, California, do hereby certify that the foregoing City Council Resolution, No. 16-XX, was duly adopted by the City Council of the City of Eastvale, California, at a regular meeting thereof held on the 11th day of May, 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marc Donohue, City Clerk



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 6.6

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: TAMRA IRWIN, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: EMERGENCY MANAGEMENT PERFORMANCE GRANT

RECOMMENDATION: APPROVE SUBMITTAL OF EMERGENCY MANAGEMENT PERFORMANCE GRANT APPLICATION FOR FISCAL YEAR 2016.

BACKGROUND

The Emergency Management Performance Grant (EMPG) Program plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient Nation. The building, sustainment, and delivery of these core capabilities require the combined effort of the whole community, rather than the exclusive effort of any single organization or level of government. The EMPG Program's allowable costs support efforts to build and sustain core capabilities across the Prevention, Protection, Mitigation, Response, and Recovery mission areas. Total Funding Available in Fiscal Year (FY) 2016 nationwide is \$350,100,000. The City of Eastvale is anticipated to be allocated \$14,290. The purpose of the EMPG Program is to provide Federal grants to states to assist state, local, territorial, and tribal governments in preparing for all hazards.

DISCUSSION

The City of Eastvale has applied for and received the EMPG funds each year. These funds have been used to send staff to emergency management training, provide Community Emergency Response Team (CERT) supplies, and to provide necessary supplies and equipment for the City's Emergency Operations Center (EOC).

It is anticipated that, if approved, the City will request the EMPG funds for staff development training, CERT supplies and EOC equipment.

FISCAL IMPACT

There is a match of \$14,290 for the EMPG grant. The Senior Analyst's time spent on emergency management can be used as the match or General Fund monies would need to be budgeted for Fiscal Year 2016.



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 6.6

STRATEGIC PLAN IMPACT

3.5 Develop Enhanced Disaster Plan

ATTACHMENT - None

Prepared by: Tamra Irwin, Senior Administrative Analyst

Reviewed by: John Cavanaugh, City Attorney

Reviewed by: Michele Nissen, City Manager



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 7.1

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: MICHELE NISSEN, CITY MANAGER

SUBJECT: PROPOSED VOTING BY DISTRICT BOUNDARY MAPS

RECOMMENDATION: STAFF RECOMMENDS THAT THE CITY COUNCIL HOLD THIS PUBLIC HEARING ON THE ISSUE OF DETERMINING VOTING DISTRICTS, RECEIVE PUBLIC COMMENTS AND PROVIDE DIRECTION TO STAFF ON THE DRAFT PLANS FOR THE PROPOSED BOUNDARIES OF EITHER FIVE VOTING DISTRICTS OR FOUR DISTRICTS WITH AN AT-LARGE MAYOR. THE SECOND PUBLIC HEARING IS SCHEDULED FOR MAY 25, 2016.

BACKGROUND

The City Council previously took action at the April 27, 2016 City Council meeting to initiate the process of converting to by-district voting for the November, 2016 election. After hearing a staff presentation and a presentation from the City's demographic consultant, Doug Johnson of NDC, taking public comment and Council discussion, the Council approved Resolution No. 16-09 initiating the by-district process, including the possibility of a mayor elected at large with four districts. In doing so, the Council clarified that this action is being taken the Council members have been advised they have little choice as to how to proceed, given the threat of litigation by MALDEF and the difficult burden of proof a city faces under a California Voting Rights Act (CVRA) challenge. NDC indicated that as of the time of the April 27 hearing, in addition to Chino, Wildomar and Rancho Cucamonga, 31 other cities have received letters requesting conversion to by-district voting under the CVRA in time for the November, 2016 election. The Council members acknowledged comments by members of the public that Eastvale already is a diverse city and should continue to have at-large voting.

Resolution No. 16-09 also sets a schedule for the three public hearings required before adoption of a by-district; this is the first of those hearings. Pursuant to the schedule, on May 5, the City posted on its website four possible maps showing districts within Eastvale. The first two maps show two possible scenarios for five districts; the second two maps show scenarios for four districts with an at-large mayor.

The Council now begins the determination of boundaries for voting districts based on the criteria adopted at the April 27, 2016 meeting. NDC will make an additional presentation showing the four possible maps and stating the reasons such maps meet the criteria. In addition, NDC will address any map variations submitted by members of the public or community groups. Changes to the maps will be posted on the City website in advance of the May 25, 2016 meeting.



CITY OF EASTVALE CITY COUNCIL STAFF REPORT

ITEM 7.1

The further purpose of this public hearing is to receive input and comments from the public on the four draft maps posted on the website and presented at the meeting. Again, the public is urged to review the maps and provide comments or pose questions. Information regarding the by-district process can be found on the City's website (www.eastvaleca.gov) along with an interactive map that allows the user to move maps and boundaries and a building blocks map that allows the user to create his or her own boundaries. All questions or comments should be directed to Marc Donohue, City Clerk, City Hall, 12363 Limonite Ave. Ste. 910, Eastvale, CA 91752, (951) 703-4421.

FISCAL IMPACT

Approximately \$40,000.

STRATEGIC PLAN IMPACT - None

ATTACHMENTS

1. Plans and demographic profiles for four draft maps
2. Adopted criteria for consideration in creating district boundaries
3. Interactive District Maps:

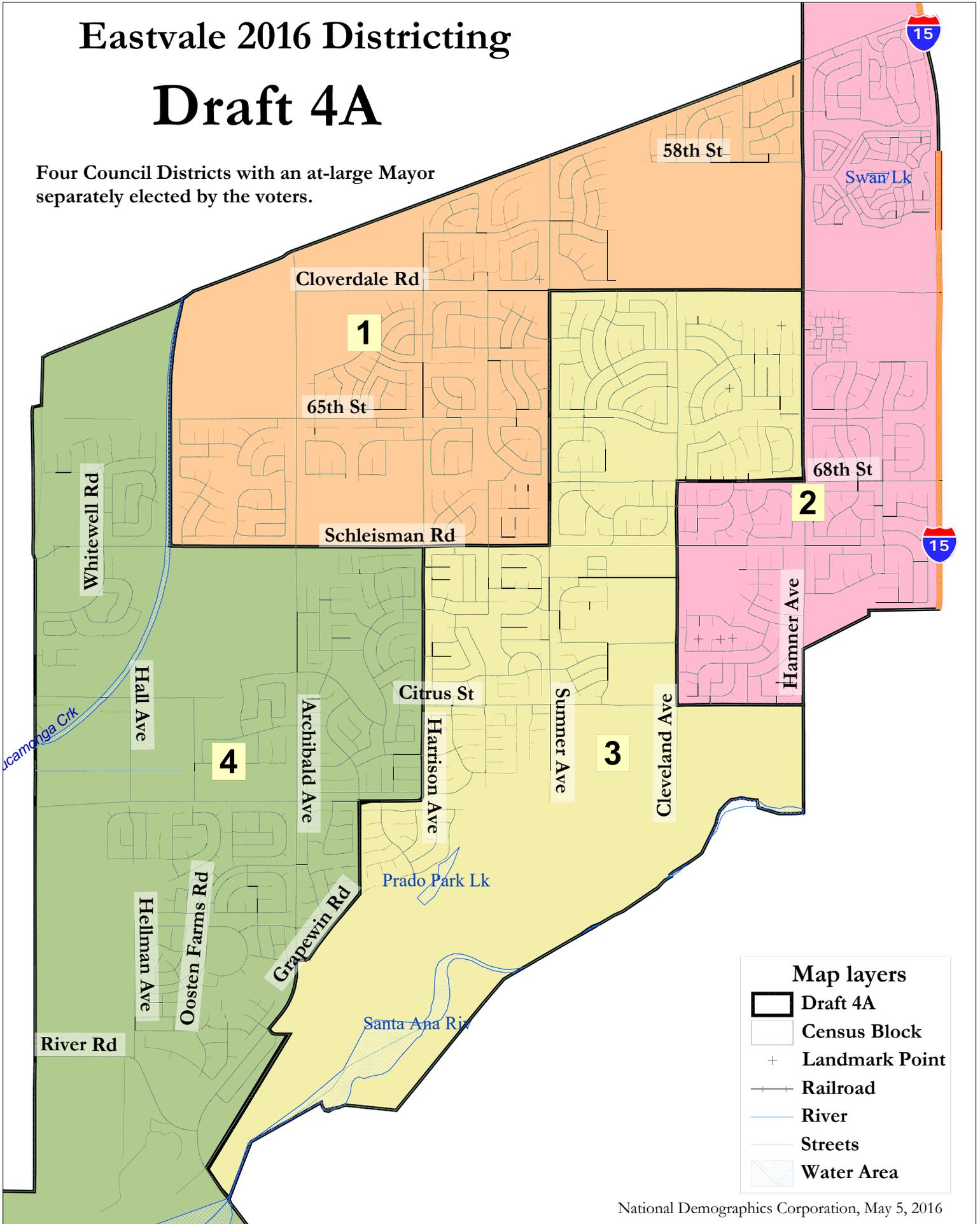
<http://www.arcgis.com/apps/Viewer/index.html?appid=2a5fcff636674ecc9b0157c123937518>

Prepared by: Michele Nissen, City Manager
Reviewed by: John Cavanaugh, City Attorney

Eastvale 2016 Districting

Draft 4A

Four Council Districts with an at-large Mayor separately elected by the voters.



Map layers

- Draft 4A
- Census Block
- Landmark Point
- Railroad
- River
- Streets
- Water Area

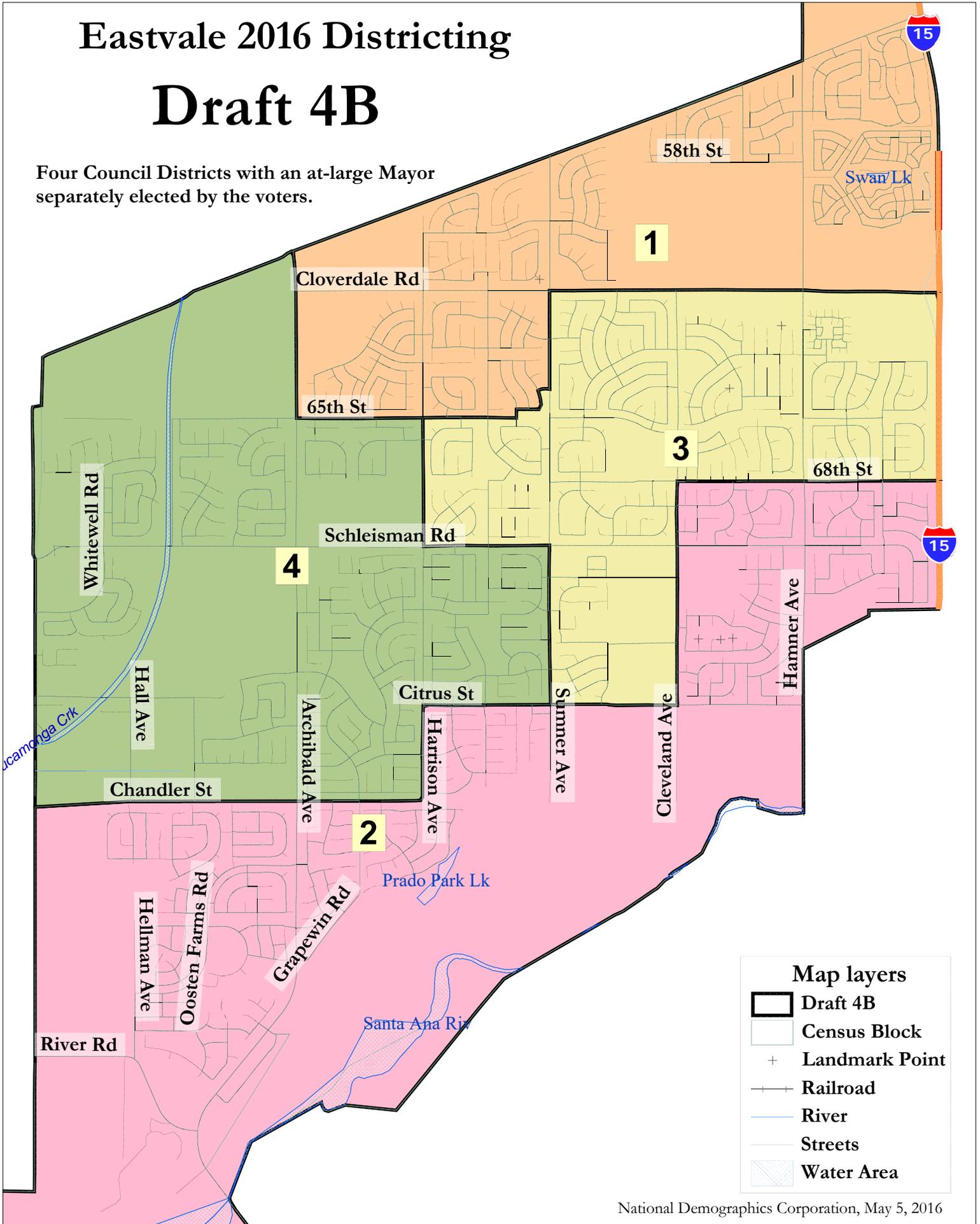
Eastvale - Draft 4A

District		1	2	3	4	Total	
	Total Pop	13,284	13,548	13,677	13,161	53,670	
	Deviation from ideal	-134	130	259	-257	516	
	% Deviation	-1.00%	0.97%	1.93%	-1.92%	3.85%	
Total Pop	% Hisp	42%	44%	36%	38%	40%	
	% NH White	22%	24%	25%	24%	24%	
	% NH Black	9%	10%	10%	9%	10%	
	% Asian-American	25%	19%	27%	27%	25%	
Voting Age Pop	Total	8,789	9,159	9,151	8,785	35,884	
	% Hisp	38%	41%	33%	35%	37%	
	% NH White	24%	27%	26%	25%	25%	
	% NH Black	9%	11%	10%	9%	10%	
Citizen Voting Age Pop	% Asian-American	28%	20%	30%	30%	27%	
	Total	8,429	6,953	7,728	8,231	31,342	
	% Hisp	49%	36%	29%	29%	36%	
	% NH White	21%	27%	28%	30%	27%	
Voter Registration (Nov 2014)	% NH Black	4%	14%	13%	10%	10%	
	% Asian/Pac.Isl.	26%	25%	31%	29%	26%	
	Total	5,585	4,458	5,261	5,735	21,039	
	% Latino	36%	39%	31%	33%	35%	
Voter Turnout (Nov 2014)	% Asian-Surnamed	10%	8%	12%	11%	10%	
	% Filipino-Surnamed	3%	2%	3%	4%	3%	
	Total	1,737	1,228	1,591	1,944	6,499	
	% Latino	30%	33%	26%	26%	29%	
Voter Turnout (Nov 2012)	% Asian-Surnamed	9%	7%	10%	9%	9%	
	% Filipino-Surnamed	2%	2%	2%	3%	2%	
	Total	3,425	2,868	3,918	3,526	13,737	
	% Latino	35%	35%	31%	32%	33%	
ACS Pop. Est.	% Asian-Surnamed	7%	7%	9%	8%	8%	
	% Filipino-Surnamed	3%	2%	2%	3%	3%	
	Total	13,092	13,542	13,854	14,803	55,291	
	Age	age0-19	35%	35%	35%	36%	35%
Age	age20-60	53%	54%	55%	55%	54%	
	age60plus	12%	10%	10%	9%	10%	
	Immigration	immigrants	29%	31%	31%	32%	31%
Language spoken at home	naturalized	62%	62%	60%	61%	62%	
	english	51%	49%	48%	50%	50%	
	spanish	27%	29%	25%	23%	26%	
	asian-lang	15%	17%	20%	20%	18%	
Language Fluency	other lang	7%	5%	8%	7%	7%	
	Speaks Eng. "Less than Very Well"	17%	19%	20%	20%	19%	
	Education (among those age 25+)	hs-grad	52%	54%	49%	53%	52%
	bachelor	20%	21%	25%	26%	23%	
Child in Household	graduatedegree	14%	10%	13%	11%	12%	
	child-under18	56%	54%	60%	63%	58%	
	Work (percent of pop age 16+)	employed	61%	58%	62%	63%	61%
Household Income	Commute on Public Transit	1%	1%	1%	1%	1%	
	income 0-25k	8%	10%	5%	4%	7%	
	income 25-50k	12%	11%	9%	11%	11%	
	income 50-75k	15%	17%	14%	9%	14%	
	income 75-200k	57%	55%	62%	65%	60%	
Housing Stats	income 200k-plus	8%	7%	9%	11%	9%	
	single family	91%	89%	100%	99%	95%	
	multi-family	9%	11%	0%	1%	5%	
	vacant	5%	5%	4%	3%	4%	
	occupied	95%	95%	96%	97%	96%	
Housing Stats	rented	27%	28%	14%	17%	22%	
	owned	73%	72%	86%	83%	78%	
	Total and Voting Age population data from the 2010 Decennial Census.						
Voter Registration and Turnout data from the California Statewide Database.							
Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2010-2014 American Community Survey 5-year data.							

Eastvale 2016 Districting

Draft 4B

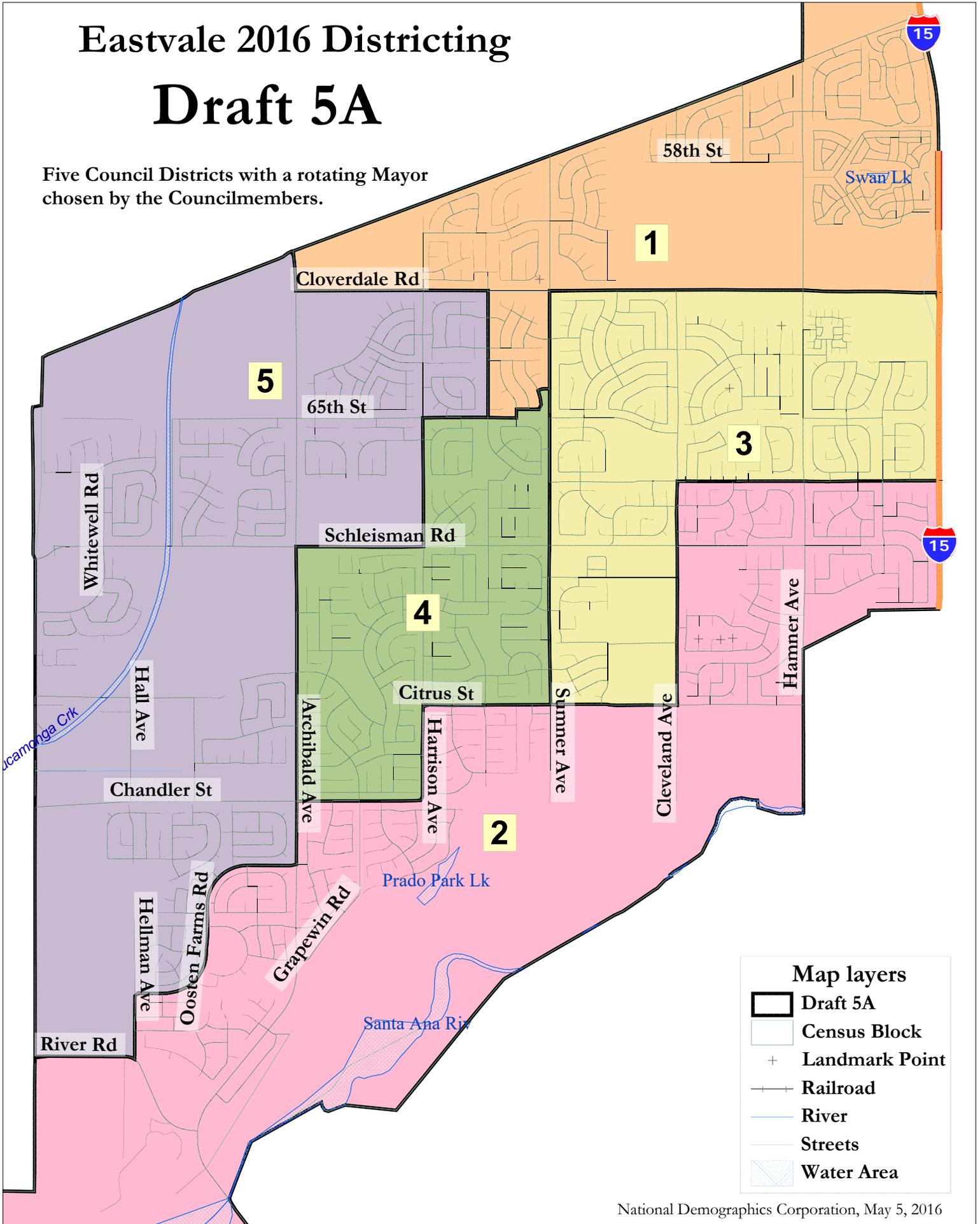
Four Council Districts with an at-large Mayor separately elected by the voters.



Eastvale 2016 Districting

Draft 5A

Five Council Districts with a rotating Mayor chosen by the Councilmembers.



Map layers

-  Draft 5A
-  Census Block
-  Landmark Point
-  Railroad
-  River
-  Streets
-  Water Area

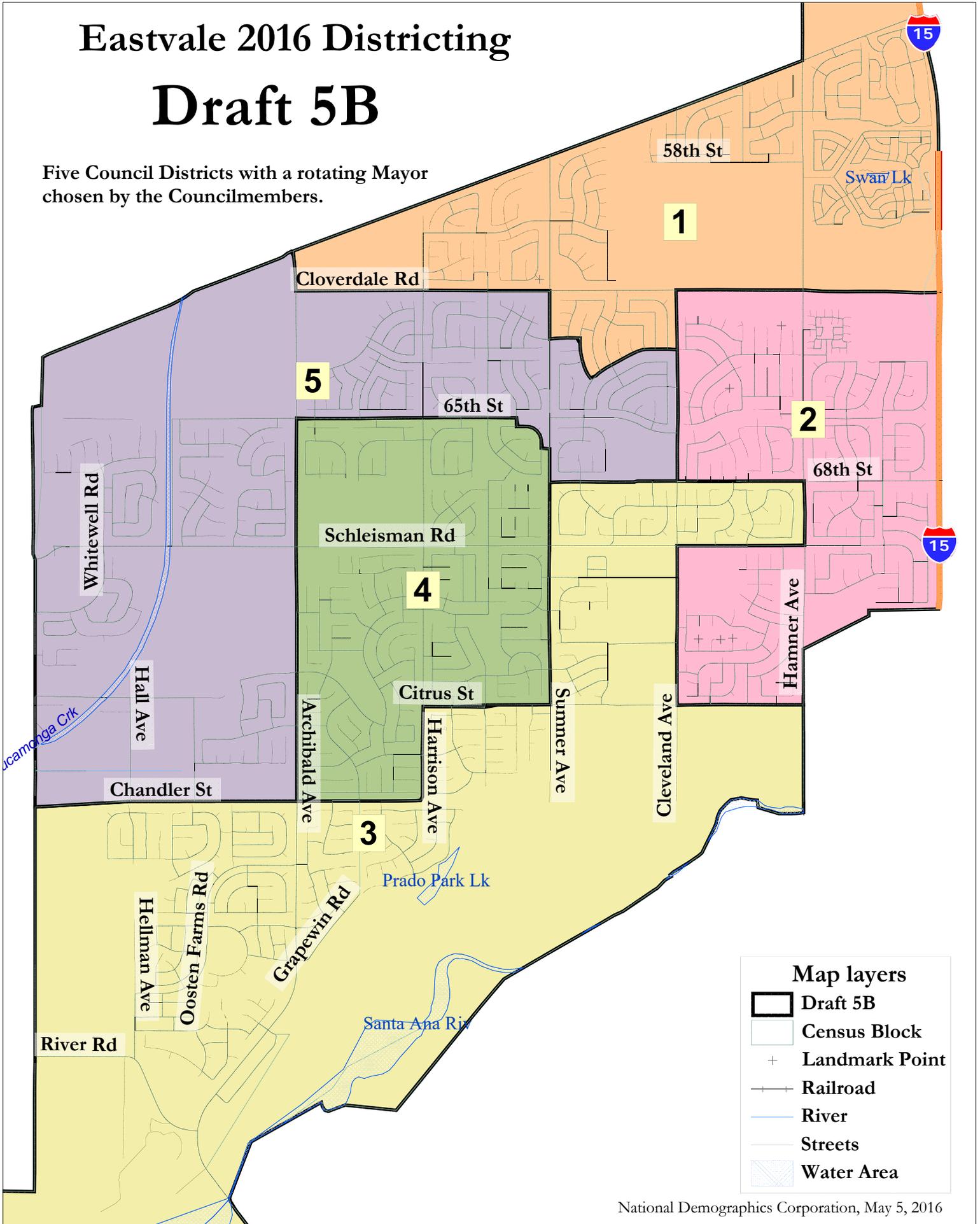
Eastvale - Draft 5A

District		1	2	3	4	5	Total
	Total Pop	10,419	11,115	11,309	10,309	10,518	53,670
	Deviation from ideal	-315	381	575	-425	-216	1,000
	% Deviation	-2.93%	3.55%	5.36%	-3.96%	-2.01%	9.32%
Total Pop	% Hisp	0%	0%	0%	0%	0%	0%
	% NH White	48%	37%	38%	39%	38%	40%
	% NH Black	27%	21%	23%	28%	20%	24%
	% Asian-American	0%	0%	1%	0%	0%	0%
Voting Age Pop	Total	87	112	122	68	116	505
	% Hisp	8018%	6648%	6277%	9874%	6112%	7106%
	% NH White	3470%	2212%	2239%	3562%	2134%	2599%
	% NH Black	2384%	1490%	1522%	2987%	1268%	1802%
	% Asian-American	37%	19%	34%	46%	13%	28%
Citizen Voting Age Pop	Total	288	320	350	320	391	1,668
	% Hisp	2009%	2098%	1899%	1669%	1758%	1879%
	% NH White	954%	617%	601%	581%	634%	669%
	% NH Black	604%	487%	496%	531%	412%	500%
	% Asian/Pac.Isl.	215%	340%	324%	180%	173%	203%
Voter Registration (Nov 2014)	Total	699	832	886	871	780	4,069
	% Latino	536%	485%	484%	457%	638%	517%
	% Asian-Surnamed	203%	172%	167%	154%	208%	179%
	% Filipino-Surnamed	36%	61%	58%	37%	77%	54%
Voter Turnout (Nov 2014)	Total	1,275	1,285	1,326	1,207	1,461	6,553
	% Latino	85%	94%	97%	110%	110%	99%
	% Asian-Surnamed	25%	28%	29%	29%	30%	28%
	% Filipino-Surnamed	5%	10%	9%	8%	10%	9%
Voter Turnout (Nov 2012)	Total	1,241	1,338	1,397	1,345	1,229	6,549
	% Latino	184%	209%	210%	223%	222%	210%
	% Asian-Surnamed	63%	69%	71%	72%	71%	69%
	% Filipino-Surnamed	10%	21%	19%	13%	20%	17%
ACS Pop. Est.	Total	14	15	0	45	250	324
Age	age0-19	69027%	80895%	#DIV/0!	22139%	4860%	17065%
	age20-60	23539%	29428%	#DIV/0!	7715%	1741%	6021%
	age60plus	35924%	43999%	#DIV/0!	11802%	2705%	9270%
Immigration	immigrants	50356%	53184%	#DIV/0!	15576%	3319%	11803%
	naturalized	37%	52%	44%	42%	46%	45%
Language spoken at home	english	890%	697%	751%	945%	678%	770%
	spanish	469%	328%	363%	485%	337%	382%
	asian-lang	304%	160%	203%	212%	159%	199%
	other lang	77%	161%	139%	172%	130%	137%
Language Fluency	Speaks Eng. "Less than Very Well"	41%	48%	46%	76%	51%	51%
Education (among those age 25+)	hs-grad	84%	39%	42%	44%	35%	46%
	bachelor	232%	144%	176%	192%	165%	176%
	graduatedegree	58%	83%	75%	78%	84%	77%
Child in Household	child-under18	768%	632%	720%	593%	513%	631%
Work (percent of pop age 16+)	employed	854%	1232%	1118%	876%	1095%	1025%
	Commute on Public Transit	5%	10%	11%	10%	11%	10%
Household Income	income 0-25k	384%	405%	403%	344%	329%	369%
	income 25-50k	99%	28%	50%	31%	21%	42%
	income 50-75k	108%	49%	65%	68%	53%	66%
	income 75-200k	169%	70%	109%	68%	48%	87%
	income 200k-plus	357%	411%	437%	371%	333%	378%
Housing Stats	single family	2401%	880%	1258%	1125%	907%	1157%
	multi-family	1839%	877%	1253%	1115%	898%	1094%
	vacant	562%	2%	5%	11%	9%	63%
	occupied	176%	18%	55%	45%	30%	49%
	rented	1262%	4766%	2206%	2398%	2968%	2262%
	owned	559%	735%	318%	434%	461%	487%
Total and Voting Age population data from the 2010 Decennial Census.							
Voter Registration and Turnout data from the California Statewide Database.							
Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2010-2014 American Community Survey 5-year data.							

Eastvale 2016 Districting

Draft 5B

Five Council Districts with a rotating Mayor chosen by the Councilmembers.



Eastvale - Draft 5B

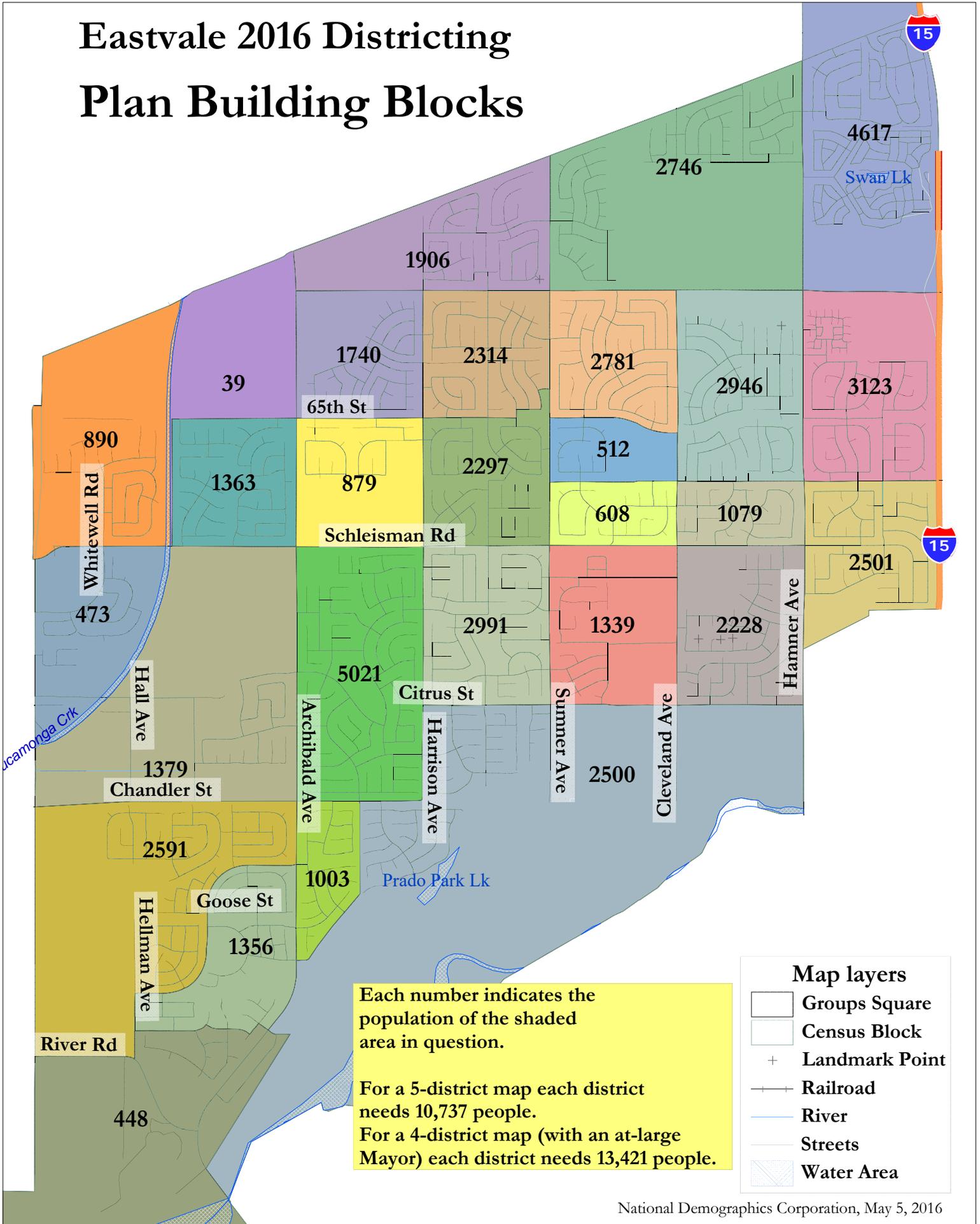
District		1	2	3	4	5	Total
	Total Pop	10,528	10,798	10,924	11,075	10,345	53,670
	Deviation from ideal	-206	64	190	341	-389	730
	% Deviation	-1.92%	0.60%	1.77%	3.18%	-3.62%	6.80%
Total Pop	% Hisp	47%	41%	33%	39%	41%	40%
	% NH White	26%	24%	20%	27%	21%	24%
	% NH Black	9%	10%	11%	10%	8%	10%
	% Asian-American	16%	23%	34%	23%	29%	25%
Voting Age Pop	Total	7,049	7,283	7,411	7,259	6,882	35,884
	% Hisp	43%	38%	30%	35%	37%	37%
	% NH White	29%	26%	21%	29%	22%	25%
	% NH Black	10%	10%	11%	10%	7%	10%
	% Asian-American	17%	25%	37%	25%	31%	27%
Citizen Voting Age Pop	Total	5,809	5,808	7,369	5,864	6,492	31,342
	% Hisp	46%	35%	25%	36%	38%	36%
	% NH White	30%	24%	24%	30%	26%	27%
	% NH Black	9%	13%	14%	7%	7%	10%
	% Asian/Pac.Isl.	18%	30%	37%	28%	27%	26%
Voter Registration (Nov 2014)	Total	3,751	4,023	4,336	4,098	4,830	21,039
	% Latino	38%	39%	30%	33%	34%	35%
	% Asian-Surnamed	7%	10%	14%	9%	12%	10%
	% Filipino-Surnamed	2%	3%	4%	3%	4%	3%
Voter Turnout (Nov 2014)	Total	1,069	1,177	1,351	1,364	1,538	6,499
	% Latino	29%	34%	26%	26%	28%	29%
	% Asian-Surnamed	7%	8%	11%	8%	9%	9%
	% Filipino-Surnamed	2%	3%	3%	2%	3%	2%
Voter Turnout (Nov 2012)	Total	2,143	2,771	2,733	3,183	2,907	13,737
	% Latino	34%	36%	30%	32%	33%	33%
	% Asian-Surnamed	5%	9%	11%	6%	9%	8%
	% Filipino-Surnamed	2%	2%	3%	3%	3%	3%
ACS Pop. Est.	Total	9,772	11,197	12,330	10,674	11,318	55,291
Age	age0-19	34%	36%	36%	35%	35%	35%
	age20-60	52%	55%	55%	53%	55%	54%
	age60plus	14%	9%	9%	12%	10%	10%
Immigration	immigrants	27%	33%	33%	30%	31%	31%
	naturalized	61%	62%	59%	68%	59%	62%
Language spoken at home	english	53%	48%	48%	52%	49%	50%
	spanish	34%	26%	24%	22%	24%	26%
	asian-lang	9%	21%	21%	18%	19%	18%
	other lang	5%	5%	7%	8%	8%	7%
Language Fluency	Speaks Eng. "Less than Very Well"	15%	21%	21%	18%	20%	19%
Education (among those age 25+)	hs-grad	53%	55%	49%	53%	50%	52%
	bachelor	13%	25%	28%	21%	26%	23%
	graduatedegree	14%	8%	11%	14%	12%	12%
Child in Household	child-under18	50%	57%	64%	58%	63%	58%
Work (percent of pop age 16+)	employed	57%	60%	62%	63%	64%	61%
	Commute on Public Transit	1%	1%	1%	1%	0%	1%
Household Income	income 0-25k	13%	7%	4%	5%	4%	7%
	income 25-50k	14%	8%	9%	12%	10%	11%
	income 50-75k	22%	14%	11%	11%	11%	14%
	income 75-200k	47%	62%	65%	63%	64%	60%
	income 200k-plus	5%	9%	11%	9%	11%	9%
Housing Stats	single family	77%	100%	100%	99%	99%	95%
	multi-family	23%	0%	0%	1%	1%	5%
	vacant	7%	3%	3%	4%	4%	4%
	occupied	93%	97%	97%	96%	96%	96%
	rented	44%	16%	14%	19%	15%	22%
	owned	56%	84%	86%	81%	85%	78%
Total and Voting Age population data from the 2010 Decennial Census.							
Voter Registration and Turnout data from the California Statewide Database.							
Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2010-2014 American Community Survey 5-year data.							

Eastvale Draft Maps Summary Comparison

By National Demographics Corporation

Map	4A	4B	5A	5B
# Districts	4	4	5	5
Distinctive Character	Highly Compact; East together in D2; D3 extends south	Horizontal Districts; D1 goes north; D2 combines SE and south	Compact Districts; D1 goes north; D2 combines SE and south	Square but a bit odd; D1 goes north; Square D4; South in D3; L-shaped D5
Population Deviation	3.85%	5.00%	9.32%	6.80%
Dist. 1 Latino CVAP	49%	47%	48%	46%
Dist. 1 Latino Reg.	36%	37%	38%	38%
Contiguous	Yes	Yes	Yes	Yes
Compact	Very Good	Very Good	Very Good	OK
Major Roads	All Borders	All borders	All but 1 border	All but 1 border
At-Large Mayor	Yes	Yes	No	No
No Incumbent in Dist. 1	True	True	True	True
Council Member locations	Bootsma: D4 Lorimore: D3 Rush: D4 Tessari: D2	Bootsma: D4 Lorimore: D3 Rush: D4 Tessari: D2	Bootsma: D5 Lorimore: D3 Rush: D4 Tessari: D2	Bootsma: D5 Lorimore: D3 Rush: D4 Tessari: D2

Eastvale 2016 Districting Plan Building Blocks



DISTRICTING CRITERIA

The Council shall determine the number of districts and the issue of an elected Mayor at-large. Thereafter:

1. The boundaries of the electoral districts shall be established so that the electoral districts are equal in population as defined by law.
2. The boundaries of the electoral districts shall not be gerrymandered in violation of the principles established by the United States Supreme Court in *Shaw v. Reno*, 509 U.S. 630 (1993), and its progeny.
3. The boundaries of the electoral districts shall be established so that the electoral districts do not result in a denial or abridgement of the right of any citizen to vote on account of race or color as provided in Section 2 of the federal Voting Rights Act.
4. The boundaries of the electoral districts shall observe communities of interest as identified in public comment or identified by the City Council, including, but not social interests; agricultural, industrial or service industry interests; residential and commercial areas, location of city facilities and historical sites, and the like, insofar as practical.
5. The boundaries of the electoral districts shall be compact, insofar as practical.
6. The boundaries of the electoral districts shall be created to contain cohesive, contiguous territory, insofar as practical.
7. The boundaries of the electoral districts may observe topography and geography, such as the existence of mountains, flat land, forest lands, man-made geographical features such as major roadways as natural divisions between districts, insofar as practical.
8. Unless otherwise required by law, the electoral districts shall be created using whole census blocks, insofar as practical.
9. The boundaries of the electoral districts may avoid the “pairing” of incumbents in the same electoral district, insofar as this does not conflict with the constitution and laws of the State of California and the United States.
10. The boundaries of the electoral districts shall comply with such other factors which become known during the districting process and are formally adopted by the City Council.



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 8.1

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JOE INDRAWAN, CITY ENGINEER

SUBJECT: ACCEPTANCE AND QUITCLAIM OF STORM DRAIN EASEMENT FOR VIVA DRIVE STORM DRAIN - TRACT 30971, SOUTHWEST CORNER OF ARCHIBALD AVENUE AND SCHLEISMAN ROAD

RECOMMENDATION: ADOPT A RESOLUTION ACCEPTING STORM DRAIN EASEMENT WITHIN TRACT 30971 AND QUITCLAIMING SUCH EASEMENT TO RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, ACCEPTING AND QUITCLAIMING OF STORM DRAIN EASEMENT RELATED TO VIVA DRIVE STORM DRAIN, TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BACKGROUND

Tract 30971 subdivided by Pardee Homes and SC Eastvale Development Corporation was recorded in 2006 prior to the City of Eastvale's incorporation. This residential project located in the vicinity of, and tributary to the Cucamonga Creek Channel through a master planned storm drain line known as "Viva Drive" Storm Drain is now fully developed.

DISCUSSION

Viva Drive Storm Drain is connected to the Cucamonga Creek Channel through a certain easement, which was dedicated to the County of Riverside for the purpose of ownership and maintenance, but has not yet been accepted in compliance with the Riverside County Flood Control and Water Conservation District policy. Now that the improvements are complete and have been inspected by the District, the easement is ready to be turned over. The process requires the City to accept the easement and subsequently quitclaim it to the District.

The easement, which is located within lot 492 of Tract 30971, begins at the southerly end of Lichen Drive and ends at the Cucamonga Creek Channel at the southwest corner of the development.

A resolution has been prepared to accept and quitclaim such easement. Upon adopting this resolution, the City is required to execute the attached Quitclaim Deed, which has been reviewed and approved by the City Attorney - to complete the process for the transfer of rights.



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 8.1

FISCAL IMPACT

Upon completion of the process, operation and maintenance of Viva Drive Storm Drain over 36inch in diameter will be the responsibility of the Flood Control District, while the City will be responsible for the operation and maintenance of the system with diameter of 36inch or smaller.

STRATEGIC PLAN UPDATE - None

ATTACHMENTS

1. Exhibit '1'
2. Exhibit '2'
3. Resolution 16-XX
4. Quitclaim Deed-Viva Drive Storm Drain (Lot 492 of Tract 30971)

Prepared by: Joe Indrawan, City Engineer
Reviewed by: John Cavanaugh, City Attorney
Reviewed by: Michele Nissen, City Manager

2006-0949976 ORIGINAL 414 100

IN THE UNINCORPORATED TERRITORY OF RIVERSIDE COUNTY,
STATE OF CALIFORNIA

TRACT NO. 30971

BEING A SUBDIVISION OF A PORTION OF THE NORTH 1/2 OF
SECTION 34, TOWNSHIP 2 SOUTH, RANGE 7 WEST, S.B.M.

ALBERT A. WEBB ASSOCIATES - CIVIL ENGINEERS
JUNE, 2005

INDEX SHEET

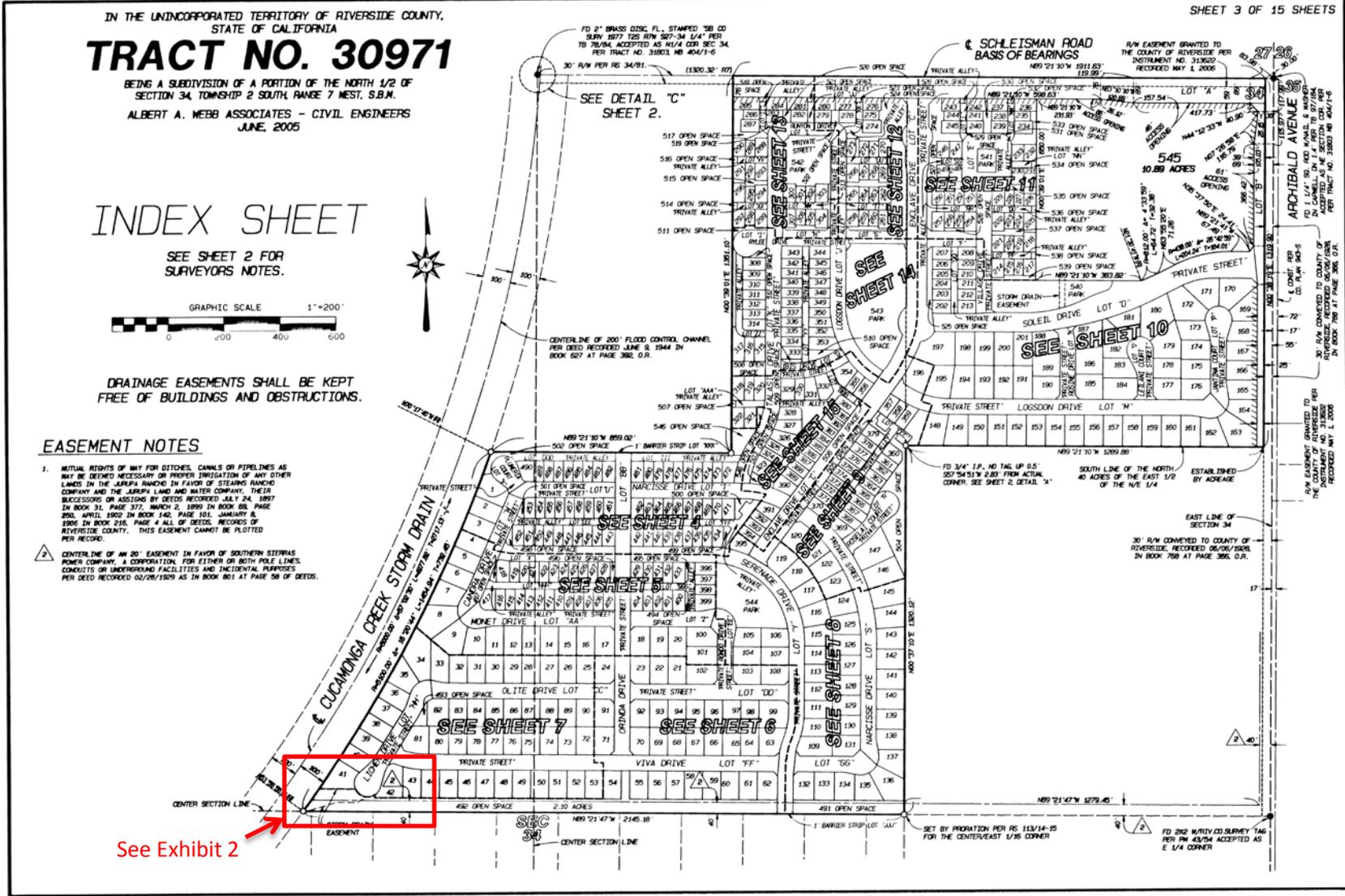
SEE SHEET 2 FOR
SURVEYORS NOTES.



DRAINAGE EASEMENTS SHALL BE KEPT
FREE OF BUILDINGS AND OBSTRUCTIONS.

EASEMENT NOTES

1. MUTUAL RIGHTS OF WAY FOR DITCHES, CANALS OR PIPELINES AS MAY BE DEEMED NECESSARY OR PROPER IRRIGATION OF ANY OTHER LANDS IN THE JURUPA RANCHO IN FAVOR OF STEARNS RANCHO COMPANY AND THE JURUPA LAND AND WATER COMPANY, THEIR SUCCESSORS OR ASSIGNS BY DEEDS RECORDED JULY 24, 1897 IN BOOK 31, PAGE 377, MARCH 2, 1899 IN BOOK 82, PAGE 390, APRIL 1902 IN BOOK 142, PAGE 101, JANUARY 8, 1906 IN BOOK 216, PAGE 4 ALL OF DEEDS, RECORDS OF RIVERSIDE COUNTY. THIS EASEMENT CANNOT BE PLOTTED PER RECORD.
2. CENTERLINE OF AN 20' EASEMENT IN FAVOR OF SOUTHERN STEPPAS POWER COMPANY, A CORPORATION, FOR EITHER OR BOTH POLE LINES, CONDUITS OR UNDERGROUND FACILITIES AND INCIDENTAL PURPOSES PER DEED RECORDED 02/26/1929 AS IN BOOK 801 AT PAGE 58 OF DEEDS.

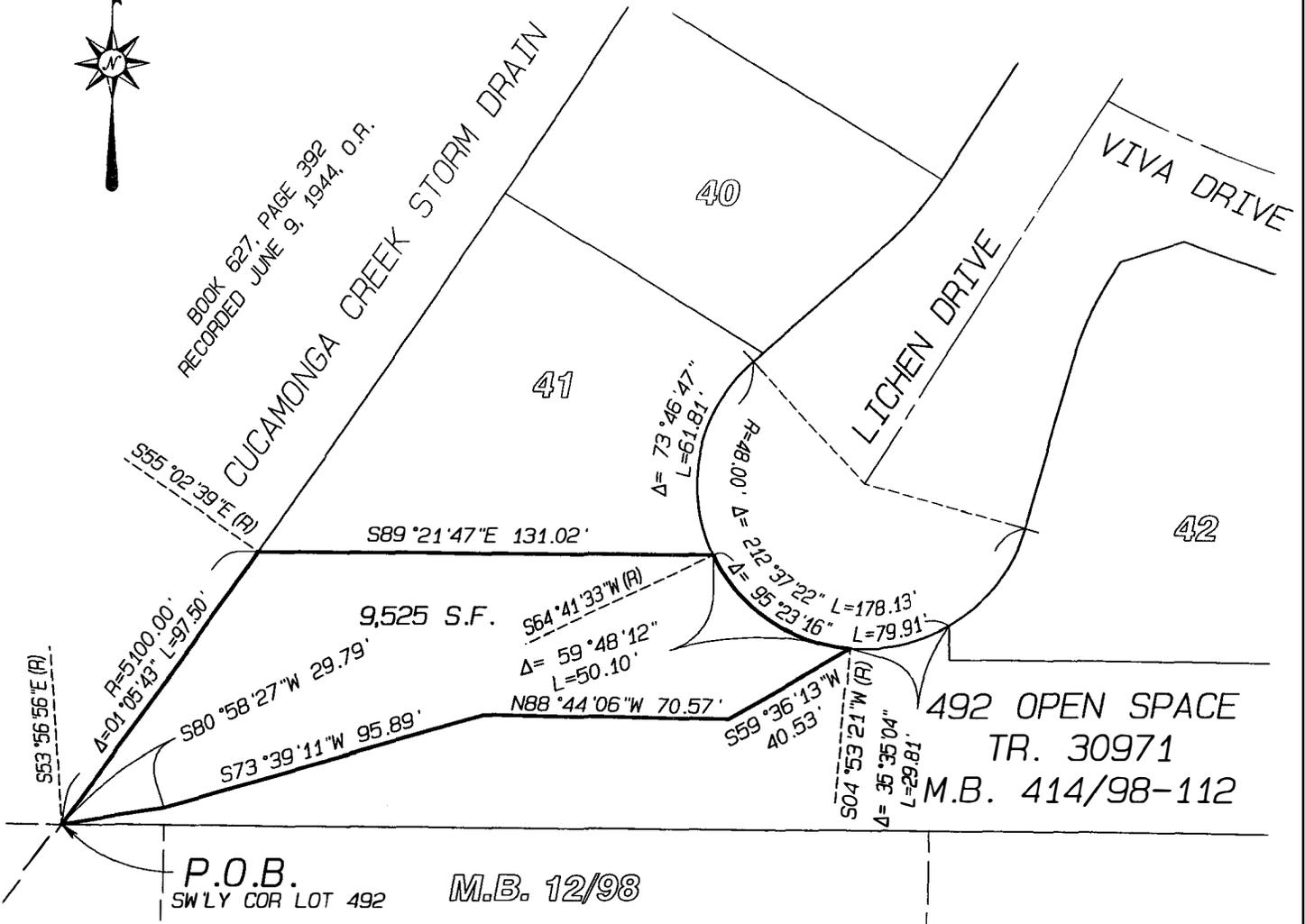


See Exhibit 2

EXHIBIT 2

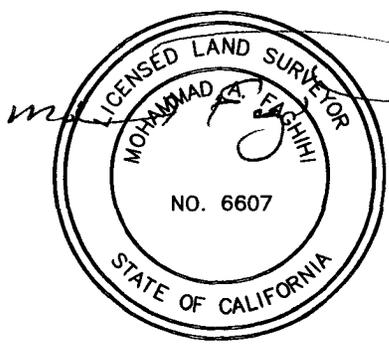


BOOK 627, PAGE 392
RECORDED JUNE 9, 1944, O.R.



P.O.B. SW'LY COR LOT 492 M.B. 12/98

492 OPEN SPACE TR. 30971 M.B. 414/98-112



M.A. Faghihi
MOHAMMAD A. FAGHIHI, LS 6607
DATE: AUGUST 10, 2010

SEC. 34, T. 2 S., R. 7 W., S. B. M.

ALBERT A.
WEBB
ASSOCIATES

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

File :G:\2005\05-0031\Final Map\storm drain easement.pro DATE PREPARED: JULY 29, 2010

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. ALL PRIMARY CALLS ARE LOCATED IN THE WRITTEN DESCRIPTION.

SHEET 1 OF 1

W.O. 05-0031

SCALE: 1" = 50'

DRWN BY AF DATE 8/10/10
CHKD BY RLS DATE 8/10/10

SUBJECT: STORM DRAIN EASEMENT

RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EASTVALE, CALIFORNIA, ACCEPTING AND QUITCLAIMING OF STORM DRAIN EASEMENT RELATED TO VIVA DRIVE STORM DRAIN, TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

WHEREAS SC Eastvale Development Corporation, and Pardee Homes proposed a development of Tract 30971 which included, in part, the construction of Viva Drive Storm Drain, and its related laterals; and

WHEREAS in December 2006 the County Board of Supervisors approved the final map for Tract 30971 and did not accept the storm drain easement where the Viva Drive Storm Drain, and its related laterals were to be constructed; and

WHEREAS upon incorporation, Tract 30971 is located within the City of Eastvale; and

WHEREAS the Riverside County Flood Control and Water Conservation District establishes and maintains the storm drain facilities within the City of Eastvale upon completion of the improvements; and

WHEREAS SC Eastvale Development Corporation and Pardee Homes have completed the storm drain improvements and the Flood Control is ready to accept the improvements; and

WHEREAS the Flood Control has requested the City accept and subsequently quitclaim the storm drain easement within Tract 30971 in favor of the Flood Control to provide access for construction, reconstruction, and maintenance of their storm drain facilities;

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the City Council of the City of Eastvale:

1. Accept and Quitclaim to the Flood Control the storm drain easement on Lot 492 of Tract 30971, more specifically described as the Storm Drain Easement.
2. Authorize the City Manager to sign the Quitclaim Deed attached to this Resolution.
3. The City Clerk shall cause a certified copy of this Resolution, be recorded. The acceptance and quitclaim shall be effective when the City Clerk records the Resolution with the County Recorder.

PASSED, APPROVED AND ADOPTED this 11th day of May, 2016.

Ike Bootsma, Mayor

APPROVED AS TO FORM:

ATTEST:

John E. Cavanaugh, City Attorney

Marc Donohue, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF EASTVALE)

I, Marc Donohue, City Clerk of the City Council of the City of Eastvale, California, do hereby certify that the foregoing City Council Resolution, No. 16-XX, was duly adopted by the City Council of the City of Eastvale, California, at a regular meeting thereof held on the 11th day of May, 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marc Donohue, City Clerk

Recorded at request of, and return to:
Riverside County Flood Control and
Water Conservation District
1995 Market Street
Riverside, California 92501

NO FEE (GOV. CODE 6103)

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Eastvale Viva Drive SD
Project No. 2-0-00362
Tract 30971

The undersigned grantor(s) declare(s)
DOCUMENTARY TRANSFER TAX \$ NONE

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF EASTVALE, does hereby remise, release, and forever quitclaim to RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a body politic, all right, title and interest in and to an easement, situated in the city of Eastvale, County of Riverside, State of California, described as:

The easement as shown as "Storm Drain Easement" for construction and maintenance of drainage facilities on Lot 492 of Tract 30971, recorded in Map Book 414, Pages 98 though 112 inclusive, records of the Recorder's Office, Riverside County, State of California, as described on Exhibit "A" and shown on Exhibit "B", attached hereto and made a part hereof, to be referenced hereafter as RCFC Parcel No. 2362-500.

Assessor Parcel No. Port. 144-630-078

CITY OF EASTVALE:

Date _____

By: _____
MICHELE NISSEN, City Manager

ATTESTS:

MARC DONOHUE,
Clerk to the City of Eastvale

By: _____
City Clerk

(SEAL)

EXHIBIT "A"
STORM DRAIN EASEMENT

That portion of Lot 492 Open Space of Tract No. 30971, as shown by map on file in Book 414 of Maps at pages 98-112, inclusive thereof, Records of Riverside County, California, lying in the north half of Section 34, Township 2 South, Range 7 West, San Bernardino Meridian, described as follows:

BEGINNING at a point being the southwesterly corner of said Lot 492, said point also being on the easterly right of way line of that certain parcel described in Book 627 of Official Records, page 392, recorded June 9, 1944, Records of Riverside County, said point being on a curve, concave to the northwest, having a radius of 5100.00 feet, a radial line to said point bears South 53°56'56" East;

Thence northeasterly along the westerly line of said Lot 492 and said easterly right of way line, through a central angle of 01°05'43", an arc distance of 97.50 feet to the northwesterly corner of said Lot 492, a radial line to said point bears South 55°02'39" East;

Thence South 89°21'47" East along the northerly line of said Lot 492, a distance of 131.02 feet to a point on the right of way line of Lichen Drive, as shown on said map and the beginning of a non-tangent curve, concave to the northeast, having a radius of 48.00 feet, a radial line to said point bears South 64°41'33" West;

Thence southeasterly and easterly along said right of way line and along said curve, through a central angle of 59°48'12", an arc distance of 50.10 feet to a point thereon;

Thence leaving said right of way line South 59°36'13" West, a distance of 40.53 feet;

Thence North 88°44'06" West, a distance of 70.57 feet;

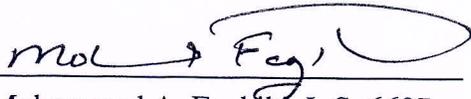
Thence South 73°39'11" West, a distance of 95.89 feet;

Thence South 80°58'27" West, a distance of 29.79 feet to the **POINT OF BEGINNING**.

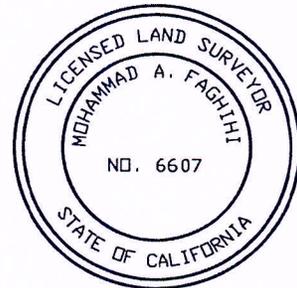
Containing 9,525 square feet, more or less.

SEE PLAT ATTACHED HERETO AS EXHIBIT "B" AND MADE A PART HEREOF.

PREPARED UNDER MY SUPERVISION


Mohammad A. Faghhi, L.S. 6607

8/10/10
Date



Prepared by: 
Checked by: RLS

EXHIBIT "B"



BOOK 627, PAGE 392
RECORDED JUNE 9, 1944, O.R.

CUCAMONGA CREEK STORM DRAIN

40

41

VIVA DRIVE

LICHEN DRIVE

42

$S55^{\circ}02'39"E$ (R)

$S89^{\circ}21'47"E$ 131.02'

$\Delta = 73^{\circ}46'47"$
 $L = 61.81'$

$R = 48.00'$
 $\Delta = 212^{\circ}37'22"$ $L = 178.13'$
 $\Delta = 95^{\circ}23'16"$ $L = 79.91'$

$R = 5100.00'$
 $\Delta = 01^{\circ}05'43"$ $L = 97.50'$

9,525 S.F.

$S80^{\circ}58'27"W$ 29.79'
 $S73^{\circ}39'11"W$ 95.89'

$S64^{\circ}41'33"W$ (R)
 $\Delta = 59^{\circ}48'12"$
 $L = 50.10'$

$N88^{\circ}44'06"W$ 70.57'

$S59^{\circ}36'13"W$
40.53'

$S04^{\circ}53'21"W$ (R)
 $\Delta = 35^{\circ}35'04"$
 $L = 29.81'$

492 OPEN SPACE
TR. 30971
M.B. 414/98-112

P.O.B.

SW'LY COR LOT 492

M.B. 12/98



M.A. Faghihi

MOHAMMAD A. FAGHIHI, LS 6607
DATE: AUGUST 10, 2010

SEC. 34, T. 2 S., R. 7 W.,
S. B. M.

A L B E R T A .

WEBB

A S S O C I A T E S

RIVERSIDE COUNTY FLOOD CONTROL
& WATER CONSERVATION DISTRICT

File :G:\2005\05-0031\Final Map\storm drain easement.pro

DATE PREPARED: JULY 29, 2010

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. ALL PRIMARY CALLS ARE LOCATED IN THE WRITTEN DESCRIPTION.

SHEET 1 OF 1

W.O.
05-0031

SCALE: 1" = 50'

DRWN BY *AB* DATE 8/10/10
CHKD BY *RLS* DATE 8/10/10

SUBJECT: STORM DRAIN EASEMENT

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Quitclaim Deed, dated _____ from the CITY OF EASEVALE to RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT is hereby accepted by the undersigned officer pursuant to authority conferred by resolution of the Board of Supervisors of said District adopted on May 12, 1961, and the grantee consents to the recordation thereof by its duly authorized officer.

RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

Date _____

By: _____
WARREN D. WILLIAMS
General Manager-Chief Engineer

Project: Eastvale Viva Drive Storm Drain
Project No. 2-0-00362
APN 144-630-078
RCFC Parcel No. 2362-500



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 8.2

DATE: MAY 11, 2016

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JAMES R. RILEY, INTERIM FINANCE DIRECTOR

SUBJECT: INVESTMENT POLICY & INVESTMENT STRATEGY REVIEW

RECOMMENDATIONS:

- 1. APPROVE THE CHANGES TO THE CITY'S INVESTMENT POLICY AND ADOPT THE REVISED INVESTMENT POLICY.**
 - 2. APPROVE THE PROPOSED RECOMMENDED INVESTMENT STRATEGY.**
-

BACKGROUND

On January 13, 2016, the City Council approved the selection of PFM Asset Management LLC (PFM) to be the City's investment advisor. As part of the role as the City's investment advisor, PFM does an annual review of the City's investment policy in light of California Government Code changes and best practices. Also, based upon their review of the City's investment policy and cash flow analysis, PFM is proposing a recommended investment strategy to maximize the City's investment revenue in accordance with the California Government Code.

DISCUSSION

The City's Finance Committee met with PFM on April 21, 2016 to discuss the City's investment policy, cash flow analysis and investment strategy. Based upon that meeting, the Finance Committee recommends the changes and revision to the City's investment policy and the proposed recommended investment strategy. These recommendations include the following:

Investment Policy

1. Increasing the City's maximum allocation for various allowable investment instruments.
2. Revising authorized investment language to more closely align with the investments permitted by California Government Code 53601.
3. Adding an issuer limit of 5% for any non-governmental issuers, except pools and money market funds, regardless of security type to ensure portfolio diversification.

A memo from PFM of recommended changes to the investment policy is attached, along with a redline copy and clean copy of the policy. Also attached is a table of investments permitted by California Government Code 53601 and tables showing the recommended allowable investment instruments per maximum allocations, maximum investments allowed per issuer and investment credit quality.



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 8.2

Investment Strategy

1. Invest funds needed for liquidity in pooled investments.
2. Invest \$5 million in high-quality 6- to 12-month commercial paper and other short-term securities until the funds must be paid out.
3. Invest \$36 million available for longer-term investment in a diversified mix of U.S. Treasuries, Federal Agencies, supranationals, credit (commercial paper, corporates notes, negotiable certificates of deposit, asset-backed securities), and municipal securities.
4. Invest funds available for longer-term investment in maturities between one and five years.
5. Measure portfolio total return against a 1- to 5-year U.S. Treasury Index.

A memo from PFM regarding the investment strategy is attached, along with a table and chart comparing the Local Agency Investment Fund (LAIF) to the benefits of long-term investments. The table and chart compare the return of investment of \$40 million for the past five years ending March 31, 2016.

Although no return of investment can be guaranteed, the following estimate compares the investment of \$36 million at the City's investment yield of 0.536% at March 31, 2016, as noted in the Treasurer's Report, with the past five year annualized total return of 1.56% for 1- to 5-year U.S. Treasury as noted in the table attached:

Investment Earnings of \$36 million at 0.536%	\$192,960
Investment Earnings of \$36 million at 1.560 %	\$561,600
Additional Earnings over City Yield of 0.536%	\$368,640

FISCAL IMPACT

There is an anticipated increase in investment earnings for various funds. Investment earnings are currently allocated by fund as follows:

General Fund	50.09%
Fire Structural Fund	17.49%
Gas Tax Fund	14.28%
Other Special Revenue Funds	10.24%
Capital Project Fund	<u>7.90%</u>
	<u>100.00%</u>

General Fund investment earnings are discretionary funds and can be used for any legitimate governmental purpose.

STRATEGIC PLAN IMPACT

Goal 1: Establish a solid fiscal foundation for the City



CITY OF EASTVALE

CITY COUNCIL STAFF REPORT

ITEM 8.2

ATTACHMENTS

1. PFM memo of recommended changes to the investment policy
2. Redline copy of the investment policy
3. Clean copy of the investment policy
4. Table of investments permitted by California Government Code 53601
5. Table of the recommended allowable investment instruments per maximum allocations
6. Table of the recommended allowable investment instruments - investments allowed per issuer
7. Table of the recommended allowable investment instruments - investment credit quality
8. PFM memo regarding the recommended investment strategy
9. Table of the benefits of long-term investments. (Establishing a Benchmark)
10. Chart of the benefits of long-term investments. (Portfolio Benchmark Options)

Prepared by: James R. Riley, Interim Finance Director

Reviewed by: John Cavanaugh, City Attorney

Reviewed by: Michele Nissen, City Manager

May 3, 2016

Memorandum

To: James Riley, Interim Finance Director
City of Eastvale

From: Sarah Meacham, Director
Henry Sun, Senior Analyst
PFM Asset Management LLC

Re: Investment Policy Review

We have completed our review of the City's Investment Policy. Below are our recommendations, which address updates to the Policy in light of California Government Code (the Code) changes and best practices.

I. Legal Authority

- We recommend adding a statement clarifying that the City may hire an independent investment advisor to manage its portfolio.

II. Purpose

- We recommend establishing Purpose as its own subsection. Purpose of an investment policy statement is considered a main element of an investment policy statement.

III. Scope

- We recommend establishing a Scope subsection to define which of the City's funds the Policy applies to.

V. – VI. Standard of Care, Ethics and Conflict of Interest, Authorized Financial Dealers and Institutions

- We recommend updating language to reflect investment policy statement best practices.

VIII. (B). Authorized Investments

- We recommend adding an issuer limit of 5% for any non-governmental issuers, except pools and money market funds, regardless of security type to ensure portfolio diversification. Other issuer limits, which were higher than 5%, were removed.
- We recommend updating the maximum permitted investment in LAIF to be the maximum amount permitted by the State Treasurer. Change in the maximum permitted investment in LAIF was announced by the State Treasurer and was effective on January 1, 2016.



- We combined the table of authorized investments and the table from Attachment A into a more descriptive list of the investments authorized by the Policy.
- We recommend revising authorized investment language to more closely align with the investments permitted by California Government Code 53601. These revisions include the addition of new asset classes that we believe are prudent to maintain as options for their potential portfolio diversification and return benefits.
 - **Supranational Securities.** Bonds issued by supranational entities are securities that have been recently permitted by Code for investment by California local governments. A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. This asset type is limited to 30% of the City's investments and must carry at least a AA rating per Code.
 - **Asset-Backed Securities.** An asset-backed security ("ABS") is a security whose income payments, and hence value, is derived from and collateralized (or "backed") by a specified pool of underlying assets (generally receivables). Pooling the assets into financial instruments allows them to be sold to general investors—a process called securitization—and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. ABS are permitted under Code section 53601(o). Inclusion of this sector may provide the City the opportunity to increase the portfolio's diversification and earnings.
 - **Municipal Securities**
 - **Local Government Investment Pools**

IX. Investment Program Controls

- We added item C. regarding delivery versus payment (DVP) to protect the City's investments.
- We added the list of transactions and the statement regarding compliance to the list of items to be included in the quarterly treasurer's report.

We would be happy to discuss our recommendations with you, the Investment Committee and the City Council.

CITY OF EASTVALE Finance Policy	Policy No: xxxx
Subject Investment Policy	Effective Date: Resolution 16-yy 5/xx/16 <hr/> Page 1 of 18

The City of Eastvale has adopted the following policy for the investment of City funds.

I. ~~The~~ Legal Authority

The Authority governing investments for the City of Eastvale is set forth in the California Government Code, sections 53601 et. Seq.

The City Treasurer is granted authority to make investments on behalf of the City. Government Code Section 53607 states “.....the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transaction to the legislative body.”

As permitted by Government Code 53601, the City Treasurer may delegate day-to-day investment decision making and execution authority to an investment advisor. Eligible investment advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The advisor will follow the Policy and such other written instructions as are provided.

Government Code Section 53649 states “...the treasurer is responsible for the safekeeping of money in his custody and shall enter into any contract with a depository relating to any inactive deposits which in his judgment is to the public advantage.” ~~The City Treasurer will enter into purchases subject to this policy and at the direction of City Council.~~

In addition, Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate the full responsibility to the treasurer of the local agency.

II. Purpose

The purpose of this policy is to provide guidelines for the investment of the City’s funds based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Eastvale. The ultimate goal is to enhance the economic status of the City while insuring the safety of funds.

III. Scope

The Investment Policy applies to all funds and investment activities of the City except for the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in a trust that has a separate investment policy.

IV. Investment Objectives

A. The purpose of this policy is to provide guidelines for the investment of the City’s funds

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~~based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Eastvale. The ultimate goal is to enhance the economic status of the City while insuring the safety of funds.~~

~~B.~~

~~The City holds to the “prudent investor rule” in that investments shall be made with a degree of judgment and care, not for speculation, but considering the safety of the monies and acting as a custodian of the public trust. Related activities, which comprise good cash management, include cash projections, the expeditious collection of revenue, disbursement control and a cost effective banking relationship.~~

The investment of the funds of the City of Eastvale shall be guided by the goals of safety, liquidity, diversification and return on investments in that order of priority.

1. Safety: Safety of principal is the foremost objective of the City of Eastvale. Each investment transaction shall seek to ensure that capital losses are ~~avoided~~minimized, whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk; credit risk and ~~market risk~~interest rate risk.
 1. *Credit Risk* - Credit Risk; defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be ~~the highest~~highly as rated by nationally ~~known~~recognized statistical rating ~~organizations (NRSROs)~~ agencies and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City’s cash flow.
 2. ~~Market Risk~~Interest Rate Risk – ~~Market~~Interest rate risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage or margin accounts; (c) prohibiting the taking of short positions, that is, selling securities which the City does not own; (d) prohibiting the use of reverse repurchase agreements and repurchase agreements; and (e) prohibiting the use of “inverse floaters”. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured loses are inevitable, and must be considered within the context of the overall investment return.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the City to meet its cash flow requirements.~~The City’s financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands.~~
3. Return on Investments: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

V. Standard of Prudence

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

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials will disclose to the **City Manager** any material financial interests in financial institutions that conduct business within their jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the City’s portfolio.

VII. Authorized Financial Dealers and Institutions

The City Treasurer will maintain a list of financial dealers and institutions qualified and authorized to transact business with the City.

The purchase by the City of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of Financial Industry Regulatory Authority (FINRA), or a member of a Federally regulated securities exchange, a National or State Chartered Bank a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The City Treasurer will investigate all institutions that wish to do business with the City, in order to determine if they are adequately capitalized, make markets in securities appropriate to the City’s needs, and agree to abide by the conditions set forth in the City’s Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions submit in writing that they have read and will abide by the City’s Investment Policy and submit its most recent audited Financial Statement within 120 days of the institution’s fiscal year end.

If the City has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the City.

Purchase and sale of securities will be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, whenever possible.

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###VIII. Deposits/Authorized Investments

A. Deposits

Money deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State must be collateralized in accordance to Government Code 53651 and 53652.

~~Money must be deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State. It may be in inactive deposits, active deposits or interest-bearing active deposits. The FDIC must insure the first \$250,000 of a deposit.~~

~~The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letter of credit drawn on the Federal Home Loan Bank (FHLB).~~

B. Authorized Investments

General guidelines that the City should follow in managing its investments are as follows:

- No investment will be purchased which matures more than five years from the date of purchase without the prior approval of the City Council at least 90 days in advance.
- Maturities of individual investments shall be diversified, attempting to match, where possible, cyclical cash flow requirements.
- The use of callable securities is permitted.

To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified cross types of investments, maturities of those investments, and institutions in which those investments are made. Generally, the portfolio is to be invested in Federal Agency securities, with a modest addition of high-grade Medium Term Corporate Notes, Certificates of Deposit (CD's), U.S. Treasuries and Commercial Paper.

The City specifically prohibits investments in Bonds issued by other local agencies, reverse repurchase agreements and derivatives (interest rate floaters, range notes, interest-only strips).

Permitted Investments Per City Policy:

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws. The City will limit investments in any one issuer, except U.S. Treasuries, Federal Agencies, supranationals, and pooled funds (i.e., money market funds, local

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government investment pools, and LAIF), to no more than 5% regardless of security type.

Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the City Treasurer will perform a timely review and decide whether to sell or hold the investment.

~~The City's specific permitted investment guidelines are listed below. It should be noted that the City's permitted investments are moderately more restrictive than the State guidelines. Attachment A provides a summary of the State of California Statutes Applicable to Municipal Investments and a Glossary.~~

1. U.S. Treasuries. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. U.S. Agency Obligations. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. California State and Local Agency Obligations. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by a NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by a NRSRO. No more than 30% of the City's portfolio may be invested in municipal obligations (includes 4. Other State Obligations).
4. Other State Obligations. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by a NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by a NRSRO. No more than 30% of the City's portfolio may be invested in municipal obligations (includes 3. California State and Local Agency Obligations).
5. Bankers' Acceptances. Purchases of bankers' acceptances will have a maximum maturity of 180 days. No more than 40% of the City's portfolio may be invested in bankers' acceptances. Eligible bankers' acceptances must be rated at least "A-1," its equivalent, or better by a NRSRO.

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6. Commercial Paper. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper will meet all of the following conditions in either paragraph a or paragraph b:

a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.

b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

Eligible commercial paper will have a maximum maturity of 270 days or less. No more than 25% of the City’s portfolio may be invested in commercial paper. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

6-7. Medium-Term Notes. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S. Medium-term notes must be rated “A,” its equivalent, or better by a NRSRO. No more than 30% of the City’s portfolio may be invested in medium-term notes.

7-8. Negotiable Certificates of Deposit. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable CDs with maturities in excess of one year must be rated “A,” its equivalent, or better by a NRSRO. Eligible negotiable CDs with maturities under one year must be rated at least “A-1,” its equivalent, or better by a NRSRO. No more than 30% of the City’s investment portfolio may be invested in negotiable CDs.

8-9. State of California’s Local Agency Investment Fund (LAIF). The State Treasurer established LAIF for the benefit of local agencies. The City can invest up to the maximum amount permitted by the State Treasurer.

10. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies will either:

a. Attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSRO or

b. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in

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excess of \$500,000,000.

No more than 20% of the City's portfolio may be invested in money market funds.

11. Local Government Investment Pools (LGIPs). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:

a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.

b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) California Government Code Section 53601, inclusive.

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

9-12. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision must be rated at least "AA" by a NRSRO. No more than 30% of the City's portfolio may be invested in supranationals.

10-13. Asset-Backed Securities (ABS). Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Eligible securities must be rated, by a NRSRO, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by a NRSRO. No more than 20% of the City's portfolio may be invested in ABS.

PERMITTED INSTRUMENTS	CITY GUIDELINES
State or County Investment Pool (LAIF)	LAIF \$50,000,000
Federally Insured Banks/Time Deposits	5 Years / No limit
U.S. Treasuries	5 Years / No limit
Government Sponsored-Enterprises *(US-	5 Years / No limit
Bankers Acceptances	180 Days / 10% max / 5% per issuer

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<u>Commercial Paper</u>	<u>270 Days / 10% max / 10% per-issuer combined</u>
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<u>Medium-Term Notes</u>	<u>5 Years / 15% max / 5% per-issuer combined / 10% max by-sector classification</u>
<u>Negotiable Certificates of Deposit</u>	<u>5 Years / 30% max / lesser of 5% or \$1 million per issuer</u>
<u>Repurchase Agreements</u>	<u>1 Year / 10% max Only with Master Repurchase Agreement / Daily mark to market</u>
<u>Money Market Mutual Funds</u>	<u>10% max / \$500 million assets / 5% per issuer</u>
<u>Reverse Repurchase Agreements</u>	<u>Not Allowed</u>
<u>California State Obligations</u>	<u>Not Allowed</u>
<u>California Local Obligations</u>	<u>Not Allowed</u>
<u>Mutual Funds</u>	<u>Not Allowed</u>
<u>Mortgage Pass Through Securities</u>	<u>Not Allowed</u>

IV-IX. Investment Program Controls

A. Separation of Reconciliation. A separation of responsibilities of reconciling bank statements and conducting investment transactions provides an internal control of checks and balances. Only individuals authorized by the City Manager and City Clerk/Treasurer may conduct investment transactions. Consequently, individuals responsible for reconciling bank statements may not conduct investment transactions.

B. Third Party Safekeeping Agreements. Contractual agreement between the City and third party custodian public investment agencies (LAIF) is used to secure City invested funds.

B.C. Delivery versus Payment. All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping/custody bank prior to the release of funds.

D. Quarterly Treasurer's Report. The City Treasurer shall submit a quarterly investment report to the City Council. This report shall include

- -Types of investment-
- List transactions as required by California Government Code 53607 when City Council has delegated authority

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- ~~Credit~~~~investment~~ ratings,~~i~~
- ~~Institutions involved,~~~~d~~
- ~~Dates of purchases,~~~~d~~
- ~~Dates of maturity,~~~~a~~
- ~~Amount of deposits or cost of the security,~~~~e~~
- ~~Current market value of securities,~~~~i~~
- ~~Interest rates,~~~~i~~
- ~~Investment fund balances~~
- ~~Statement as to whether investments are in compliance with the Investment Policy, and if not, why and a-s~~
- ~~Statement as to whether that~~ there are sufficient funds to meet the City's cash obligations ~~for the next 6 months, and if not, why.~~

~~C.E.~~ Annual Policy Review. The ~~City Manager~~~~Treasurer~~ shall review the City's investment policies annually and as needed to make recommendations for improvements to the City Council.

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ATTACHMENT A:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections 53600 et seq. and 16429.1.

California Authorized Investments	% Limits & Other Constraints (Key Limitation Summary)
Local Agency Bonds	No limit
US Treasury Notes, Bonds, Bills	No limit
California State Warrants, Treasury Notes or Bonds	No limit
Bonds, Notes, Warrants of any local agency within the State	No limit
Federal Agency or United States government-sponsored enterprise obligations	No limit
Supranational Obligations	Dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. 5 year max maturity. Investments shall be rated "AA" or better by an NRSRO. 30% max overall limitation
Bankers Acceptances	40% max overall limitation: 30% max in any one commercial bank: 180 days max maturity.
Commercial Paper	A Domestic Corporation Total Assets in excess of \$500 million At Least "A-1" rated commercial paper 25% max overall limitation: 10% investment max in any single issuer No more than 10% of the outstanding amount for any one issuer 270 days max maturity.
Negotiable Certificates of Deposit	Issued by nationally or state chartered bank, a savings association or a federal association, a state of federal credit union, or a state licensed branch of a foreign bank. 30% max overall limitation
Repurchase Agreements	One Year Term or less Based on code authorized investments 102% underlying security valuation
Reverse Repurchase Agreements	Security subject to repurchase has been owned & fully paid for at least 30 days prior to

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	sale 20% Maximum limitation Agreement does not exceed 92 days Funds received cannot be used to purchase securities with a maturity longer than 92 days
Medium-Term Corporate Notes	30% maximum overall investment limitation Maximum remaining maturity of 5 Years Domestic corporations Rated "A" or better
Shares of Beneficial Interest Issued By Diversified Management Companies (Mutual & Money Market Funds)	20% maximum overall portfolio 10% of any one Mutual Fund Based on code authorized investments Money Market Funds registered with the SEC Attained the Highest Ranking by not less than two nationally recognized rating organizations Assets in excess of \$500 million Investment advisor with not less than five years' experience
Local Agency Investment Fund	\$65 million Maximum overall investment limit
Other Obligation Valuation Requirements: (m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2. (p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.	(a) — Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities. (b) — Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. (c) — Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.
Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond	May be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

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Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest	Securities of the types listed by Section 53651 Market value of at least 110% of underlying security value
Other Code Restrictions & Clarifications	A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage derived, interest only strips. A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. No more than 5 percent of the total assets of the investments held by a local agency may be invested in the securities of any one issuer, except the obligations of the United States government, United States government agencies, and United States government sponsored enterprises. No more than 10 percent may be invested in any one mutual fund. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

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GLOSSARY

ACTIVE DEPOSITS: Demand or checking accounts, which receive revenues and pay disbursements.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a high grade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to treasury bills. Local agencies may not invest more than 40% of their surplus money in banker's acceptance.

BASIS POINT: A basis point equals one one-hundredth of 1% (.01%).

BID: The price offered for securities.

BOOK-ENTRY SECURITIES: All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve now known as "wireable" securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

CERTIFICATES OF DEPOSIT (CD): Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day, actual day month basis and is payable monthly.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Eastvale. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related, legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Local agencies are permitted by State law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical ratings as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed 30% of the local agency's surplus funds.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities and issuers offering independent returns.

DERIVATIVE: An asset that derives its value from another asset. For example, a call option on the stock of Coca-Cola is a derivative security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of derivatives. A derivative can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

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FEDERAL CREDIT AGENCIES: Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. They usually provide higher yields than regular Treasury issues with all of the same advantages. Examples include Federal Home Loan Bank, Federal Farm Credit Bank, FNMA (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac).

FEDERAL FUNDS: Non-interest bearing deposits held by member banks at the Federal Reserve. Also used to denote "immediately available" funds in the clearing sense. "Fed Funds" also used to refer to these funds.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

INTEREST-BEARING ACTIVE DEPOSITS: Money-market accounts at a financial institution, (e.g., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LAIF (Local Agency Investment Fund): A special fund in the State Treasury which local agencies may use to deposit funds for investment. ~~There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum balance of \$40,000,000 for any agency. The City is restricted to a maximum of fifteen transactions per month. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. The State retains an amount for reasonable costs of making the investments, not to exceed one-quarter of one-percent of the earnings.~~

~~The interest rates are fairly high because of pooling the State's surplus cash with the surplus cash deposited. This creates a multi-billion dollar money pool and allows diversified investments.~~

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MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM CORPORATE NOTES: Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium-term corporate notes can be defined as extended-maturity commercial paper.

~~Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a nationally-recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in medium-term corporate notes may not exceed 30% of the local agency's surplus funds.~~

MONEY MARKET FUNDS: Open-ended mutual fund that invests in highly liquid and safe securities (bills, commercial paper, bankers' acceptances, CD's, etc.) and pays money market rates of interest. The fund's net asset value remains a constant \$1 a share.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC, in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNTS: Similar to an inactive deposit except that the period of time is not fixed. The interest rate is much lower than for a certificate of deposit, but the savings account is more flexible. Funds can be deposited and withdrawn according to daily needs.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

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~~**PRIME RATE:** The rate at which banks lend to their best or "prime" customers. Also, known as the "reference rate."~~

~~**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state (the so-called legal list). In other states, the trustee may invest in a security if it is one which would be brought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.~~

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

REPURCHASE AGREEMENTS (RP OR REPO): A repo or reverse-repo is a short-term investment transaction. Banks buy temporarily idle funds from a customer by selling U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of \$100,000 to \$500,000, but most banks have a minimum of \$1,000,000. A reverse-repo is exactly what the name implies.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds. This date may be the same as the trade date or later.

TRADE DATE: The date on which a transaction is initiated or entered into by the buyer and seller.

TREASURY BILLS: Issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest figured on 1 360-day basis, actual number of days. They

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are issued in amounts of \$10,000 and up, in multiples of \$5,000. They are a highly liquid security.

TREASURY NOTES: Initially issued with two- to ten-year maturities. They are actively traded in a large secondary market and are very liquid. The Treasury may issue note issues with a minimum of \$1,000; however, the average minimum is \$5,000.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WHEN-ISSUED TRADES: Typically, there is a lag between the time a new bond is announced and sold, and the time when it is actually issued. During this interval, the security trades "when, as, and if issued."

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security are taken into account.

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The City of Eastvale has adopted the following policy for the investment of City funds.

I. Legal Authority

The authority governing investments for the City of Eastvale is set forth in the California Government Code, sections 53601 et. Seq.

The City Treasurer is granted authority to make investments on behalf of the City. Government Code Section 53607 states “.....the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transaction to the legislative body.”

As permitted by Government Code 53601, the City Treasurer may delegate day-to-day investment decision making and execution authority to an investment advisor. Eligible investment advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The advisor will follow the Policy and such other written instructions as are provided.

Government Code Section 53649 states “...the treasurer is responsible for the safekeeping of money in his custody and shall enter into any contract with a depository relating to any inactive deposits which in his judgment is to the public advantage.”

II. Purpose

The purpose of this policy is to provide guidelines for the investment of the City’s funds based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Eastvale. The ultimate goal is to enhance the economic status of the City while insuring the safety of funds.

III. Scope

The Investment Policy applies to all funds and investment activities of the City except for the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in a trust that has a separate investment policy.

IV. Investment Objectives

The investment of the funds of the City of Eastvale shall be guided by the goals of safety, liquidity, diversification and return on investments in that order of priority.

1. Safety: Safety of principal is the foremost objective of the City of Eastvale. Each investment transaction shall seek to ensure that capital losses are minimized,

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whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk; credit risk and interest rate risk.

1. *Credit Risk* - Credit Risk; defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be highly rated by nationally recognized statistical rating organizations (NRSROs) and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

2. *Interest Rate Risk* – Interest rate risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage or margin accounts; (c) prohibiting the taking of short positions, that is, selling securities which the City does not own; (d) prohibiting the use of reverse repurchase agreements and repurchase agreements; and (e) prohibiting the use of “inverse floaters”. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall investment return.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the City to meet its cash flow requirements.

3. Return on Investments: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

V. Standard of Prudence

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

VI. Ethics and Conflict of Interest

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

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disclose to the **City Manager** any material financial interests in financial institutions that conduct business within their jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio.

VII. Authorized Financial Dealers and Institutions

The City Treasurer will maintain a list of financial dealers and institutions qualified and authorized to transact business with the City.

The purchase by the City of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of Financial Industry Regulatory Authority (FINRA), or a member of a Federally regulated securities exchange, a National or State Chartered Bank a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The City Treasurer will investigate all institutions that wish to do business with the City, in order to determine if they are adequately capitalized, make markets in securities appropriate to the City's needs, and agree to abide by the conditions set forth in the City's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions submit in writing that they have read and will abide by the City's Investment Policy and submit its most recent audited Financial Statement within 120 days of the institution's fiscal year end.

If the City has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the City.

Purchase and sale of securities will be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, whenever possible.

VIII. Deposits/Authorized Investments

A. Deposits

Money deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State must be collateralized in accordance with Government Code 53651 and 53652.

B. Authorized Investments

General guidelines that the City should follow in managing its investments are as follows:

- No investment will be purchased which matures more than five years from the date of purchase without the prior approval of the City Council at least 90 days in advance.

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- Maturities of individual investments shall be diversified, attempting to match, where possible, cyclical cash flow requirements.
- The use of callable securities is permitted.

To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified cross types of investments, maturities of those investments, and institutions in which those investments are made.

The City specifically prohibits investments in reverse repurchase agreements and derivatives (interest rate floaters, range notes, interest-only strips).

Permitted Investments Per City Policy:

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws. The City will limit investments in any one issuer, except U.S. Treasuries, Federal Agencies, supranationals, and pooled funds (i.e., money market funds, local government investment pools, and LAIF), to no more than 5% regardless of security type.

Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased. If an investment’s credit rating falls below the minimum rating required at the time of purchase, the City Treasurer will perform a timely review and decide whether to sell or hold the investment.

The City’s specific permitted investment guidelines are listed below.

1. U.S. Treasuries. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. U.S. Agency Obligations. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. California State and Local Agency Obligations. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated “A,” its equivalent, or better by a NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least “A-1,” its equivalent, or better by a NRSRO. No more than 30% of the City's portfolio may be invested in municipal obligations (includes 4. Other State Obligations).
4. Other State Obligations. Registered treasury notes or bonds of any of the other 49 United

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States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated “A,” its equivalent, or better by a NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least “A-1,” its equivalent, or better by a NRSRO. No more than 30% of the City's portfolio may be invested in municipal obligations (includes 3. California State and Local Agency Obligations).

5. Bankers' Acceptances. Purchases of bankers' acceptances will have a maximum maturity of 180 days. No more than 40% of the City's portfolio may be invested in bankers' acceptances. Eligible bankers' acceptances must be rated at least “A-1,” its equivalent, or better by a NRSRO.
6. Commercial Paper. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper will meet all of the following conditions in either paragraph a or paragraph b:
 - a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.
 - b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

Eligible commercial paper will have a maximum maturity of 270 days or less. No more than 25% of the City's portfolio may be invested in commercial paper. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

7. Medium-Term Notes. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S. Medium-term notes must be rated “A,” its equivalent, or better by a NRSRO. No more than 30% of the City's portfolio may be invested in medium-term notes.
8. Negotiable Certificates of Deposit. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable CDs with maturities in excess of one year must be rated “A,” its equivalent, or better by a NRSRO. Eligible negotiable CDs with maturities under one year must be rated at least “A-1,” its equivalent, or better by a NRSRO. No more than 30% of the City's investment portfolio may be invested in negotiable CDs.

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9. State of California's Local Agency Investment Fund (LAIF). The State Treasurer established LAIF for the benefit of local agencies. The City can invest up to the maximum amount permitted by the State Treasurer.

10. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies will either:

- a. Attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSRO or
- b. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

No more than 20% of the City's portfolio may be invested in money market funds.

11. Local Government Investment Pools (LGIPs). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:

- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) California Government Code Section 53601, inclusive.
- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

12. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision must be rated at least "AA" by a NRSRO. No more than 30% of the City's portfolio may be invested in supranationals.

13. Asset-Backed Securities (ABS). Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Eligible securities must be rated, by a NRSRO, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by a NRSRO. No more than 20% of the City's portfolio may be invested in ABS.

IX. Investment Program Controls

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- A. Separation of Reconciliation. A separation of responsibilities of reconciling bank statements and conducting investment transactions provides an internal control of checks and balances. Only individuals authorized by the Treasurer may conduct investment transactions. Consequently, individuals responsible for reconciling bank statements may not conduct investment transactions.
- B. Third Party Safekeeping Agreements. Contractual agreement between the City and third party custodian is used to secure City invested funds.
- C. Delivery versus Payment. All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping/custody bank prior to the release of funds.
- D. Quarterly Treasurer's Report. The City Treasurer shall submit a quarterly investment report to the City Council. This report shall include
- Types of investment
 - List transactions as required by California Government Code 53607 when City Council has delegated authority
 - Credit ratings
 - Institutions involved
 - Dates of purchases
 - Dates of maturity
 - Amount of deposits or cost of the security
 - Current market value of securities
 - Interest rates
 - Investment fund balances
 - Statement as to whether investments are in compliance with the Investment Policy, and if not, why
 - Statement as to whether there are sufficient funds to meet the City's cash obligations for the next 6 months, and if not, why.
- E. Annual Policy Review. The Treasurer shall review the City's investment policies annually and as needed to make recommendations for improvements to the City Council.

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**ATTACHMENT A:
GLOSSARY**

ACTIVE DEPOSITS: Demand or checking accounts, which receive revenues and pay disbursements.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a high grade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to treasury bills. Local agencies may not invest more than 40% of their surplus money in banker's acceptance.

BASIS POINT: A basis point equals one one-hundredth of 1% (.01%).

BID: The price offered for securities.

BOOK-ENTRY SECURITIES: All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve now known as "wireable" securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

CERTIFICATES OF DEPOSIT (CD): Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day, actual day month basis and is payable monthly.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Eastvale. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related, legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Local agencies are permitted by State law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical ratings as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed 30% of the local agency's surplus funds.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities and issuers offering independent returns.

DERIVATIVE: An asset that derives its value from another asset. For example, a call option on the stock of Coca-Cola is a derivative security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of derivatives. A derivative can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

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FEDERAL CREDIT AGENCIES: Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. They usually provide higher yields than regular Treasury issues with all of the same advantages. Examples include Federal Home Loan Bank, Federal Farm Credit Bank, FNMA (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac).

FEDERAL FUNDS: Non-interest bearing deposits held by member banks at the Federal Reserve. Also used to denote "immediately available" funds in the clearing sense. "Fed Funds" also used to refer to these funds.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

INTEREST-BEARING ACTIVE DEPOSITS: Money-market accounts at a financial institution, (e.g., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LAIF (Local Agency Investment Fund): A special fund in the State Treasury which local agencies may use to deposit funds for investment.

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MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM CORPORATE NOTES: Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium-term corporate notes can be defined as extended-maturity commercial paper.

MONEY MARKET FUNDS: Open-ended mutual fund that invests in highly liquid and safe securities (bills, commercial paper, bankers' acceptances, CD's, etc.) and pays money market rates of interest. The fund's net asset value remains a constant \$1 a share.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC, in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNTS: Similar to an inactive deposit except that the period of time is not fixed. The interest rate is much lower than for a certificate of deposit, but the savings account is more flexible. Funds can be deposited and withdrawn according to daily needs.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

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RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

REPURCHASE AGREEMENTS (RP OR REPO): A repo or reverse-repo is a short-term investment transaction. Banks buy temporarily idle funds from a customer by selling U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of \$100,000 to \$500,000, but most banks have a minimum of \$1,000,000. A reverse-repo is exactly what the name implies.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds. This date may be the same as the trade date or later.

TRADE DATE: The date on which a transaction is initiated or entered into by the buyer and seller.

TREASURY BILLS: Issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest figured on 1 360-day basis, actual number of days. They

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are issued in amounts of \$10,000 and up, in multiples of \$5,000. They are a highly liquid security.

TREASURY NOTES: Initially issued with two- to ten-year maturities. They are actively traded in a large secondary market and are very liquid. The Treasury may issue note issues with a minimum of \$1,000; however, the average minimum is \$5,000.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WHEN-ISSUED TRADES: Typically, there is a lag between the time a new bond is announced and sold, and the time when it is actually issued. During this interval, the security trades "when, as, and if issued."

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security are taken into account.

Investments Permitted by CA Government Code §53601

		Overnight	180 Days	270 Days	1 Year	5 Years	Beyond 5 Years	
"Conventional" Fixed-Income	U.S. Treasuries	Permitted					Requires Approval	
	Federal Agencies	Permitted					Requires Approval	
	Municipal Securities	Permitted					Requires Approval	
	Negotiable Certificates of Deposit	Permitted					Requires Approval	
	Commercial Paper	Permitted			Prohibited			
	Bankers' Acceptances	Permitted		Prohibited				
	Medium-Term Corporate Bonds ("A" or Better)	Permitted					Prohibited	
	Asset-Backed Securities (ABS)	Permitted					Prohibited	
	Supranationals ("AA" or Better)	Permitted					Prohibited	
	Repurchase Agreements	Permitted				Prohibited		
	Mutual Funds/Money Market Funds	Permitted	Prohibited					
	Local Government Investment Pools	Permitted	Prohibited					
Broader Fixed-Income	Foreign Sovereign	Prohibited						
	Commercial MBS	Prohibited						
	High-Yield	Prohibited						
	Private Placements	Prohibited						
	Convertibles	Prohibited						
	Non-U.S. Dollar Investment Grade	Prohibited						
	Emerging Markets Debt	Prohibited						
Equities	Domestic Small/Mid Cap	Prohibited						
	Domestic Large Cap	Prohibited						
	Domestic Value/Growth	Prohibited						
	International Small/Mid Cap	Prohibited						
	International Large Cap	Prohibited						
	Emerging Markets	Prohibited						
Alternatives	Commodities	Prohibited						
	Real Estate	Prohibited						
	Hedge Funds	Prohibited						
	Private Equity	Prohibited						
	Venture Capital	Prohibited						
	Tangible Assets	Prohibited						

Recommended Allowable Investment Instruments – Maximum Allocations

Sector	Code Maximum Permitted Allocation	City's Maximum Allocation	Recommended Maximum Allocation
U.S. Treasuries	100%	100%	100%
Federal Agencies	100%	100%	100%
Supranationals	30%	Not permitted	30%
Municipals: • California • Other 49 States	100%	Not permitted	30%
Bankers' Acceptances	40%	10%	40%
Repurchase Agreements	100%	Not Permitted	Not permitted
Commercial Paper	25%	10%	25%
Non-Negotiable CDs	100%	100%	100%
Negotiable CDs	30%	30%	30%
Corporate Notes	30%	15%	30%
Asset-Backed Securities	20%	Not permitted	20%
LAIF	\$60 million	\$50 million	\$60 million
LGIPs	100%	Not permitted	100%
Money Market Funds	20%	10%	20%

Recommended Allowable Investment Instruments – Maximum Per Issuer

Sector	Code Maximum per Issuer	City's Maximum per Issuer ¹	Recommended Maximum per Issuer ¹
U.S. Treasuries	-	-	-
Federal Agencies	-	-	-
Supranationals	-	Not permitted	-
Municipals:			
• California	-	Not permitted	5%
• Other 49 States	-	Not permitted	5%
Bankers' Acceptances	30%	5%	5%
Repurchase Agreement	-	Not permitted	Not permitted
Commercial Paper	No more than 10% of an issuer's outstanding CP	10%	5%
Non-Negotiable CDs	\$250,000 or collateralization	\$250,000 or collateralization	\$250,000 or collateralization
Negotiable CDs	-	Lesser of 5% or \$1 million	5%
Corporate Notes	-	5%	5%
Asset-Backed Securities	-	Not permitted	5%
LAIF	-	-	-
LGIPs	-	Not permitted	-
Money Market Funds	-	5%	-

1. Regardless of investment sector

Recommended Allowable Investment Instruments – Credit Quality

Sector	Code Required Minimum Credit Quality	City's Minimum Credit Quality	Recommended Minimum Credit Quality
U.S. Treasuries	-	AAA	-
Federal Agencies	-	AAA	-
Supranationals	AA	Not permitted	AA
Municipals: • California • Other 49 States	-	AAA	A or A-1
Bankers' Acceptances	A-1	A-1	A-1
Repurchase Agreement	-	Not permitted	Not permitted
Commercial Paper	A (Issuer) / A-1 (Issue)	AAA / A-1	A / A-1
Fully-Insured CDs	-	-	-
Negotiable CDs	-	AAA or A-1	A or A-1
Corporate Notes	A	AAA	A
Asset-Backed Securities	A / AA	Not permitted	A / AA
LAIF	-	-	-
LGIPs	Advisor Requirements	Not permitted	Advisor Requirements
Money Market Funds	AAAm by two NRSRO or Advisor Requirements	AAAm	AAAm by two NRSROs or Advisor Requirements

May 4, 2016

Memorandum

To: James Riley, Interim Finance Director
City of Eastvale

From: Sarah Meacham, Director
PFM Asset Management LLC

Re: Investment Strategy Development

As a follow up to our meeting with the City's Investment Committee on April 21, 2016, I am providing this memorandum to confirm the details of the investment strategy agreed upon by the Committee. We reviewed with the Committee the risk and return considerations of various maturities and asset types permitted by the California Government Code to assist in the development of the following investment strategy for the City's portfolio:

- Invest funds needed for liquidity in pooled investments.
- Invest \$5 million in high-quality 6- to 12-month commercial paper and other short-term securities until the funds must be paid out.
- Invest \$36 million available for longer-term investment in a diversified mix of U.S. Treasuries, Federal Agencies, supranationals, credit (commercial paper, corporates notes, negotiable certificates of deposit, asset-backed securities), and municipal securities.
- Assess creditworthiness of issuers if utilizing non-government issuers, and then monitor credit quality vigilantly.
- Invest funds available for longer-term investment in maturities between one and five years.
- Actively manage portfolio duration and sector weightings to capture best relative value.
- Measure portfolio total return against a 1- to 5-year U.S. Treasury Index.

Please let me know if you have any questions.

Establishing a Benchmark

Benefit of Long-Term Investments Past 5 Years Ending March 31, 2016

LAIF/ Treasury Index	Duration (years)	Yield to Maturity	Past 5 Years Annualized Total Return	Quarters of Negative Return	Growth of \$40 Million	Additional Earnings Over LAIF
LAIF	0.42	0.52%	0.32%	0 out of 20	\$40,636,818	-
1-3 Year	1.81	0.74%	0.87%	3 out of 20	\$41,779,054	\$1,142,236
1-5 Year	2.65	0.88%	1.56%	5 out of 20	\$43,225,956	\$2,589,138

Note: Earnings are gross of fees. Hypothetical growth of \$40 million. Past performance is not indicative of future performance.

LAIF duration is the average life as of 3/31/16.

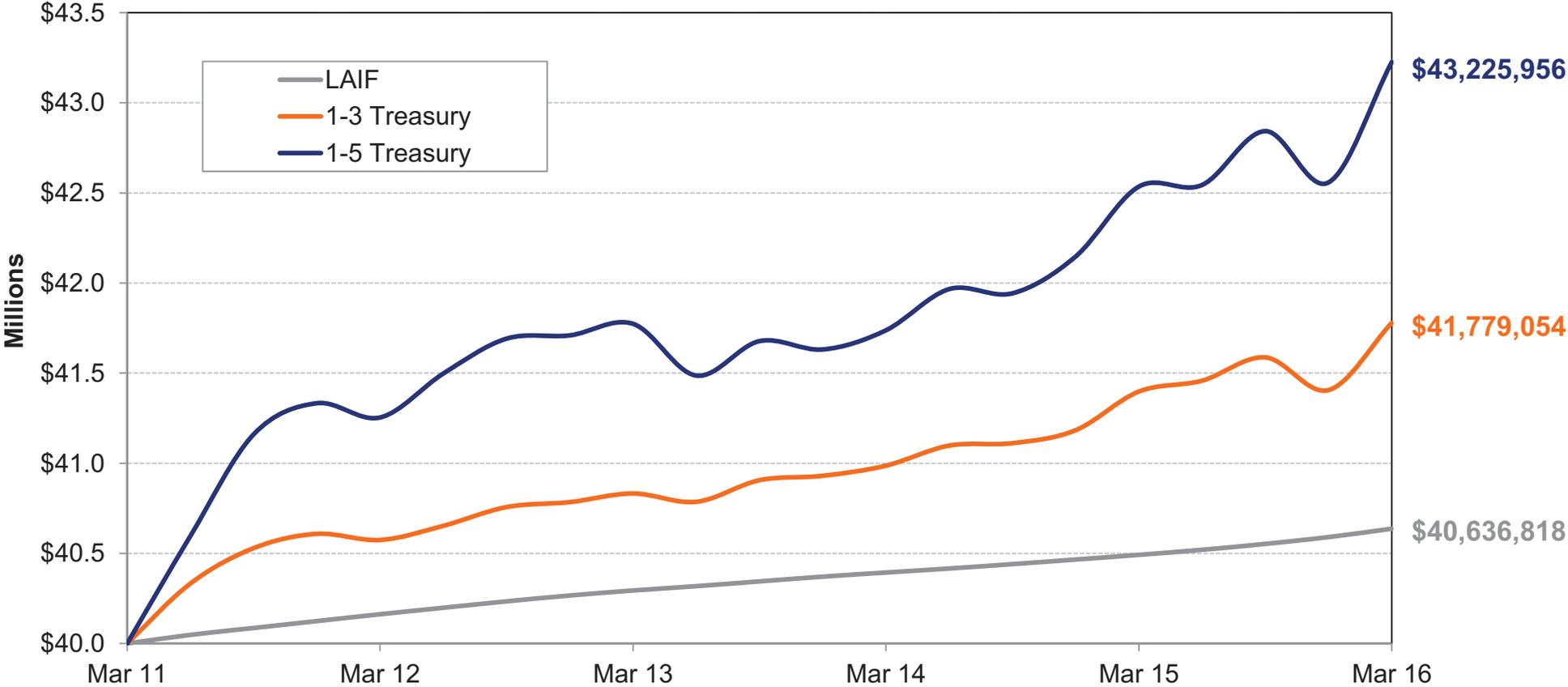
LAIF yield for the first quarter of 2016 is based on the quarter to date yield as of 03/31/16.

LAIF total return is based on quarterly apportionment rates.

Source: Bloomberg, Bank of America Merrill Lynch, California State Treasurer's website.

Portfolio Benchmarks Options

Cumulative Growth of \$40 Million
March 2011 – March 2016



Source: Bank of America Merrill Lynch (BAML) Indices