

RESPONSES
TO THE
SAN BERNARDINO COUNTY
2019–2020 GRAND JURY
FINAL REPORT



SAN BERNARDINO COUNTY GRAND JURY
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**RESPONSES TO
THE SAN BERNARDINO COUNTY
2019-2020 GRAND JURY
FINAL REPORT**

SECTION 1:

- CITY OF UPLAND

SECTION 2:

- CITY OF SAN BERNARDINO HOMELESSNESS 2019-2020

SECTION 3:

- SAN BERNARDINO COUNTY BOARD OF SUPERVISORS
 - COUNTY OF SAN BERNARDINO ECONOMIC DEVELOPMENT DEPARTMENT
 - TREATMENT OF JUVENILES IN THE DETENTION AND ASSESSMENT CENTERS

SECTION 1

CITY OF UPLAND



City Manager's Office
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January 20, 2021

San Bernardino County - Grand Jury
172 West Third Street, Second Floor
San Bernardino, CA. 92415-0243

Subject: San Bernardino Civil Grand Jury Report dated November 2, 2020


To Whom it May Concern:

This letter is in response to the November 2, 2020 Grand Jury Report concerning the City of Upland's unfunded pension liability (UPL) and the role of the City Treasurer.

The City is grateful that the Grand Jury Report acknowledges that the City complied with all of the Grand Jury's requests for interviews, information, and documents on the subject, and now welcomes this opportunity to further respond to the Grand Jury's concerns.

Please refer to the attached document for the City's response to the issues raised in the Grand Jury Report and each of its seventeen findings and sixteen recommendations.

Sincerely,


Rosemary Hoerning, PE, PLS, MPA
City Manager

Attachments: Responses to Grand Jury Report Findings & Recommendations
San Bernardino County 2019-2020 Civil Grand Jury Report - Upland

Cc: Bill Velto, Mayor
Rudy Zuniga, Mayor Pro Tem
Janice Elliot, Councilmember
Shannon Maust, Councilmember
Carlos A. Garcia, Councilmember
Steven L. Flower, Interim City Attorney

City of Upland

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THE CITY OF UPLAND
RESPONSE TO THE 2019-2020 SAN BERNARDINO CIVIL GRAND JURY REPORT

On November 2, 2020, the San Bernardino County 2019-2020 Civil Grand Jury issued a report regarding the City's unfunded pension liability (UPL) and the role of the City Treasurer, including seventeen express findings and sixteen separate recommendations. There are four general topics that run throughout the Grand Jury Report: the importance of the City's UPL; the proper role of the City Treasurer; the appointment of deputy treasurers; and the City's monthly Treasury Report. Each of these subjects are discussed below, followed by the City's specific responses to each of the findings and recommendations in the Grand Jury Report.

The City's UPL is an actuarially-determined liability associated with future pension costs. These costs pose a significant financial challenge for the City, as they do for many public employers. For its part, the City strives for financial transparency and has been taking steps to publicly address the subject. The City regularly identifies the UPL in its Comprehensive Annual Financial Report (CAFR) and makes all required annual UPL payments. On September 10, 2020, the City Council held a public workshop to highlight and review approaches to addressing the UPL. The same month, the City engaged GovInvest, Inc., an actuarial technology company, to provide the City with a pension module calculator and internal presentation support services. On October 28, 2020, the Finance Committee hosted a public presentation by the City's CalPERS actuary. At the same time, the City issued a request for qualifications (RFQ) to solicit the services of a qualified municipal pension obligation bond advisor. Last month, the City selected Urban Futures, Inc. for this purpose, following interviews with a selection committee made up of the City Manager, Assistant City Manager, and new City Treasurer. On January 6, 2021, the City's Finance Committee received a report from Urban Futures and GovInvest that covered the City's current pension liability, measures the City has taken to address pension, background on the amortization bases that make up the City current UPL, funding strategies, the pros and cons of pension obligation bonds, and a process for adopting a formal written pension funding policy. A copy of the presentation is available on the City's website.

Despite the challenges posed by the UPL and the negative economic impacts of the COVID pandemic, the City's finances look reasonably strong due to the direction of the City Council and the proactive, yet conservative steps taken by City management. This includes prudent management of the City's investments, which are disclosed in a public Treasury Report on a monthly basis instead of the quarterly basis suggested by state law. As reported to City Council on October 26, 2020 with unaudited numbers, the City's Unassigned Fund Balance in the General Fund is 38.7% of the City's operating budget.

Going forward, the new City Treasurer's assistance and advice will be important to the City's financial success. Although the Grand Jury Report properly points to Sections 41001–41007 of the Government Code as defining some of the City Treasurer's role and responsibilities, there are in actuality more than one hundred state statutes, as well as several sections of the Upland Municipal Code, that assign powers and duties to, or otherwise reference, city treasurers and local agency treasurers.

Taken together, these laws demonstrate that the City Treasurer serves an important function as an elected official and advisor to other City officials regarding the City's finances and the proper and prompt collection, maintenance, investment, and expense of City funds and receivables in accordance with legal requirements and the City budget adopted by the City Council. This includes matters such as City deposits and accounts, tax collection, bonds and indebtedness, investments, and unclaimed money and property.

The office of City Treasurer is not a full-time position, however. So consistent with modern municipal practice, the City's day-to-day financial operations are handled by staff in the City's Finance Department, whose compensation and job classifications are established by the City Council and whose work is under the direction and control of the City Manager. Ultimately, it is up to each City Treasurer to determine how much time and effort they wish to devote to their responsibilities, and for the City Treasurer to consult with the City Manager how best to work with the City staff.

The City Treasurer is also authorized by state law to appoint one or more deputies. As told in the Grand Jury Report, the former City Treasurer at some time appointed an unnamed person to be a deputy but "management personnel acted unilaterally" to deny the appointment. The Grand Jury Report is silent regarding further details as to when this might have happened, who the appointee was, which City officials or employees might be involved, or any potentially relevant details.

Regardless of what might have happened previously, the City has no objection to the appointment of a deputy treasurer, but clarification is needed regarding the proper role of such a deputy. Under state law, a deputy official of any kind is only authorized to exercise the authority of a principal officer and to act in their stead. A deputy treasurer might therefore act on the behalf of a City Treasurer on occasions when the City Treasurer is unavailable, but that deputy could not take any action that would be outside the authority of the City Treasurer. Authority to appoint a deputy is also not the same as authority to hire an assistant at public expense. Creation of a such a position on City staff and setting a salary would require City Council approval.

As the City understands, the Grand Jury Report appears to have arisen due to a disagreement concerning the City 's monthly Treasury Report, which the City Manager previously addressed in public at the November 11, 2019 City Council meeting. As she explained then, the former City Treasurer had insisted on altering the Treasury Report before it was submitted to the City Council by inserting a handwritten note concerning the amount of the City's UPL. Although the information is important to the City's overall financial status, it is misplaced in the Treasury Report. Even the Grand Jury's report acknowledges it is not a best practice.

Under state law, the Treasury Report reviews the status of the City's investment portfolio and its compliance with the City's adopted investment policies. State law does not require the City to allow a City Treasurer to add irrelevant information to an investment report before it is presented to the Council. Section 53646(b)(1) of the Government Code states:

"The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation." (Emphasis added.)

State law is therefore clear that the report is entirely optional and that either the City Treasurer or the City's chief fiscal officer may deliver it. It is also clear that state law does not specify that the Treasury Report should include any information about the City's UPL.

When the former City Treasurer's objections to the removal of his notation were brought to the City Manager's attention, she halted the practice and he was informed he could submit a written or oral report on the City's UPL at any scheduled City Council meeting, which would then appear at the same time as the monthly Treasury Report. He refused to ever do so, and when it became clear that he would not sign any further reports without including the irrelevant UPL information, his signature block was removed from later reports.

Unfortunately, this policy disagreement has been misconstrued by some as something more sinister. To be clear, the City takes its UPL seriously, it is not attempting to hide information about the UPL, and it continues to address the matter publicly as it works toward reducing the UPL in a prudent manner.

Further responses to each of the specific findings and recommendations in the Grand Jury Report are set forth below. Regrettably, the City was unable to respond as fully as it would like to many of the Grand Jury's findings and recommendations due to a lack of factual detail and specificity in the Grand Jury Report itself. In many instances, it fails to identify the persons involved and/or specific time at which certain events purportedly occurred. This information is crucial to understanding and responding to the Grand Jury's findings and recommendations, especially since there has been a significant turnover on the City Council and in City officials and management staff. As a result, many of the people who would have been involved are no longer available to fill in the many gaps in the Grand Jury Report's account.

The timing of the Grand Jury Report's release has also complicated the City's ability to respond. It was released one day prior to an election at which the City's voters elected a new Mayor, two new City Councilmembers, and a new City Treasurer, none of whom had any role in matters covered by the Grand Jury Report. The City Council has therefore

discussed on two separate occasions whether to retain the services of an independent investigator to determine the precise events that gave rise to the Grand Jury Report. The City's responses should therefore be viewed in light of ongoing deliberations on this point.

RESPONSES TO FINDINGS

As required by state law, the City's response to each finding in the Grand Jury Report states whether the City agrees with the finding or explains why it does not

F1: City staff did not inform their superiors or the City Council that changes to the Treasurer's Report, made by the City Treasurer, were removed by staff members before publication.

The City agrees with Finding F1 in part. The City believes that the former City Treasurer's handwritten comment regarding the UPL was removed on several occasions without the knowledge of the current City Manager or the City Council. When the City Manager learned of the matter, however, she took corrective action to make sure it did not happen again. Additionally, the former City Treasurer was offered the opportunity to provide a separate UPL report to the City Council either in writing or in person during a City Council meeting. The former City Treasurer declined her offer.

F2: The removal of the Unfunded Pension Liability comments from the monthly Treasury Report was acknowledged and eventually approved by members of the City of Upland Finance Committee.

The City agrees with Finding F2. State law does not require or even mention inclusion of information regarding the City's unfunded pension liability. Section 53646(b)(1) of the Government Code provides that if a city chooses to prepare a regular investment report, that it:

"...shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation."

F3: The City of Upland did remove the City Treasurer's signature block from the Treasurer's Report after the City Treasurer refused to sign the report without a statement about Unfunded Pension Liabilities being placed on the report.

The City agrees with Finding F3. Section 53646(b)(1) of the Government Code provides that if a city chooses to prepare a regular investment report, that it may be provided by either "[t]he treasurer or chief fiscal officer." After the former City Treasurer categorically

refused to sign any Treasury Report that did not include his comments regarding the UPL, the City removed his signature block from the report.

F4: The City of Upland marginalized (limited) the City Treasurer's role in the City's financial oversight because they did not want their citizens to ask questions regarding the City's Unfunded Pension Liabilities.

The City disagrees with Finding F4. The City Treasurer serves an important function as an elected official and advisor to other City officials regarding the City's finances and the proper and prompt collection, maintenance, investment, and expense of City funds and receivables in accordance with legal requirements and the City budget adopted by the City Council. This includes matters such as City deposits and accounts, tax collection, bonds and indebtedness, investments, and unclaimed money and property.

The office of City Treasurer is not a full-time position, however. So consistent with modern municipal practice, the City's day-to-day financial operations are handled by staff in the City's Finance Department, whose compensation and job classifications are established by the City Council and whose work is under the direction and control of the City Manager. Ultimately, it is up to each City Treasurer to determine how much time and effort they wish to devote to their responsibilities, and for the City Treasurer to consult with the City Manager how best to work with the City staff.

The City strives for financial transparency and has taken steps in recent years to report and address its UPL and welcomes constructive input from the public on the subject. The City's UPL is an actuarially-determined liability associated with future pension costs. These costs pose a significant financial challenge for the City, as they do for many public employers. For its part, the City strives for financial transparency and has been taking steps to publicly address the subject. The City regularly identifies the UPL in its Comprehensive Annual Financial Report (CAFR) and makes all required annual UPL payments. On September 10, 2020, the City Council held a public workshop to highlight and review approaches to addressing the UPL. The same month, the City engaged GovInvest, Inc., an actuarial technology company, to provide the City with a pension module calculator and internal presentation support services. On October 28, 2020, the Finance Committee hosted a public presentation by the City's CalPERS actuary. At the same time, the City issued a request for qualifications (RFQ) to solicit the services of a qualified municipal pension obligation bond advisor. Last month, the City selected Urban Futures, Inc. for this purpose, following interviews with a selection committee made up of the City Manager, Assistant City Manager, and new City Treasurer. On January 6, 2021, the City's Finance Committee received a report from Urban Futures and GovInvest that covered the City's current pension liability, measures the City has taken to address pension, background on the amortization bases that make up the City current UPL, funding strategies, the pros and cons of pension obligation bonds, and a process for adopting a formal written pension funding policy. A copy of the presentation is available on the City's website.

F5: The City of Upland considers actions of publicly addressing the Unfunded Pension Liability as inviting negative criticisms and questions from the citizens of Upland, and not being part of the solution.

The City disagrees with Finding F5. The City strives for financial transparency and has taken steps in recent years to report and address its UPL and welcomes constructive input from the public on the subject.

The City's UPL is an actuarially-determined liability associated with future pension costs. These costs pose a significant financial challenge for the City, as they do for many public employers. For its part, the City strives for financial transparency and has been taking steps to publicly address the subject. The City regularly identifies the UPL in its Comprehensive Annual Financial Report (CAFR) and makes all required annual UPL payments. On September 10, 2020, the City Council held a public workshop to highlight and review approaches to addressing the UPL. The same month, the City engaged GovInvest, Inc., an actuarial technology company, to provide the City with a pension module calculator and internal presentation support services. On October 28, 2020, the Finance Committee hosted a public presentation by the City's CalPERS actuary. At the same time, the City issued a request for qualifications (RFQ) to solicit the services of a qualified municipal pension obligation bond advisor. Last month, the City selected Urban Futures, Inc. for this purpose, following interviews with a selection committee made up of the City Manager, Assistant City Manager, and new City Treasurer. On January 6, 2021, the City's Finance Committee received a report from Urban Futures and GovInvest that covered the City's current pension liability, measures the City has taken to address pension, background on the amortization bases that make up the City current UPL, funding strategies, the pros and cons of pension obligation bonds, and a process for adopting a formal written pension funding policy. A copy of the presentation is available on the City's website.

F6: The handwritten notation of \$112,039,675.00, representing the City of Upland's Unfunded Pension Liability, on the monthly Treasury report, although not a best practice, is allowable.

The City agrees with Finding F6 in part. The City agrees that it would be possible to include the amount of the City's UPL in the Treasury report and also that it is not the best practice. Section 53646(b)(1) of the Government Code provides that if a city chooses to prepare a regular investment report, that it:

“...shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current

market value as of the date of the report, and shall include the source of this same valuation.”

Although the City’s UPL is important to the City’s overall financial status, it is irrelevant to the purposes for which the Treasury Report is prepared.

F7: CA Government Code Title 4, Chapter 3, Section 41006 (Exhibit 1) authorizes the appointment of a Deputy City Treasurer by the City Treasurer.

The City agrees with Finding F7. State law does authorize the City Treasurer to appoint one or more deputies. Furthermore, state law provides that deputy officials of any kind are authorized to exercise the authority of a principal officer and to act in their stead. A deputy treasurer might therefore act on the behalf of a City Treasurer on occasions when the City Treasurer is unavailable, but that deputy could not take any action outside the authority of the City Treasurer. The authority to appoint a deputy is also not the same as the authority to hire an assistant at public expense. Only the City Council can approve the creation of a such a position on City staff and set their compensation.

F8: City management personnel are confused about the City Treasurer’s voting authority as a member of the Finance Committee. It is not unanimously understood if the City Treasurer has full voting authority on all Committee issues, or is restricted to specific issues.

The City disagrees with Finding F8 to the extent it might refer to all members of the City’s management staff. To the extent that Finding F8 might refer to any specific member of the City’s management staff, there is insufficient information in the Grand Jury Report for the City to determine whether to agree or disagree.

F9: The City’s management personnel were confused about the roles and responsibilities of the elected City Treasurer, and expressed a preference that the City Treasurer be appointed rather than elected.

The City disagrees with Finding F9 to the extent it might refer to all members of the City’s management staff. To the extent that Finding F9 might refer to any specific member of the City’s management staff, there is insufficient information in the Grand Jury Report for the City to determine whether to agree or disagree.

Although the Grand Jury Report properly points to Sections 41001–41007 of the Government Code as defining some of the City Treasurer’s role and responsibilities, there are in actuality more than one hundred state statutes, as well as several sections of the Upland Municipal Code, that assign powers and duties to, or otherwise reference, city treasurers and local agency treasurers.

Taken together, these laws demonstrate that the City Treasurer serves an important function as an elected official and advisor to other City officials regarding the City’s finances and the proper and prompt collection, maintenance, investment, and expense of City funds and receivables in accordance with legal requirements and the City budget

adopted by the City Council. This includes matters such as City deposits and accounts, tax collection, bonds and indebtedness, investments, and unclaimed money and property.

The office of City Treasurer is not a full-time position, however. So consistent with modern municipal practice, the City's day-to-day financial operations are handled by staff in the City's Finance Department, whose compensation and job classifications are established by the City Council and whose work is under the direction and control of the City Manager. Ultimately, it is up to each City Treasurer to determine how much time and effort they wish to devote to their responsibilities, and for the City Treasurer to consult with the City Manager how best to work with the City staff.

Under state law, the office of City Treasurer is an elected position by default, but the voters of the City may, if they so choose, make it appointive. Reasonable people might differ on whether Upland's City Treasurer should be elected or appointed, but the opinion of any individual member of City staff is irrelevant.

F10: City of Upland Finance Committee members either were misinformed or confused about their roles on the Finance/Investment Committee(s).

The City disagrees with Finding F10. The role and composition of the Finance Committee is defined by the City Council, and the Finance Committee decides how best to fulfill its responsibilities.

F11: Not all City management personnel and City Council Members are familiar with the City of Upland's Statement of Investment Policy (Exhibit 2).

The City disagrees with Finding F11 to the extent it might refer to all members of the City Council and the City's management staff. To the extent that Finding F9 might refer to any specific member of the City Council and City's management staff, there is insufficient information in the Grand Jury Report for the City to determine whether to agree or disagree.

All City employees responsible for developing and/or implementing the City's investment policies are required to be familiar with the City's investment policy.

F12: City of Upland officials, elected and management, do not have a complete understanding of how CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7) apply to the financial reporting and operational processes of the City of Upland.

The City disagrees with Finding F12 to the extent it might refer to all City officials, and management personnel. To the extent that Finding F12 might refer to any specific City Councilmember or management personnel or any specific legal requirement, there is insufficient information in the Grand Jury Report for the City to determine whether to agree or disagree.

All City officials and management personnel who have a role in the City's financial operations are expected to understand their legal roles and responsibilities. The Grand Jury Report contains no mention nor cites any evidence of any errors or misstatements in any of the City's financial operations or reports.

F13: City of Upland management personnel is not aware of a City Treasurer's formal orientation process that defines his duties, responsibilities, authority, and interactions within the City of Upland.

The City agrees with Finding F13. The City has never had any formal orientation process for newly elected City Treasurers. However, the City regularly makes City officials aware of training opportunities and is unaware of any unfulfilled request for training from any former City Treasurer.

F14: The duties of the elected City Treasurer have been reduced or limited to simply overseeing the investment funds, rather than overseeing all funds received and paid out by the City, as specified by CA Government Code Title 4, Chapter 3, Sections 41001 – 41005 (Exhibit 1) and the City's Statement of Investment Policy (Exhibit 2), dated June 25, 2018.

The City disagrees with Finding F14. The role and responsibilities of the Upland City Treasurer are set forth in several sections of the Upland Municipal Code and by more than one hundred state statutes that assign powers and duties to, or otherwise reference, city treasurers and local agency treasurers. These ordinances and statutes demonstrate that the City Treasurer serves an important function as an elected official and advisor to other City officials regarding the City's finances and ensuring City funds and receivables are properly and promptly collected, maintained, invested, and spent in accordance with legal constraints and authority provided by the City Council in the budgetary process. This includes matters such as City deposits and accounts, tax collection, bonds and indebtedness, investments, and unclaimed money and property.

The office of City Treasurer is not a full-time position, however. Nor does the City Treasurer have any formal role in the City's day-to-day financial operations. Which are handled by the staff in the City's Finance Department, whose job classifications are established by the City Council and whose work is under the direction and control of the City Manager. It is ultimately up to each person who is elected to the position of City Treasurer to determine how much time and effort they wish to devote to their responsibilities and to consult with the City Manager how best to work with the City staff.

F15: The City of Upland does not have a clear understanding of the amount of annual pension cost and seriousness of the Unfunded Pension Liabilities threatening the City of Upland.

The City disagrees with Finding F15. The City's UPL is an actuarially-determined liability associated with future pension costs. These costs pose a significant financial challenge for the City, as they do for many public employers. For its part, the City strives for financial transparency and has been taking steps to publicly address the subject. The City regularly

identifies the UPL in its Comprehensive Annual Financial Report (CAFR) and makes all required annual UPL payments. On September 10, 2020, the City Council held a public workshop to highlight and review approaches to addressing the UPL. The same month, the City engaged GovInvest, Inc., an actuarial technology company, to provide the City with a pension module calculator and internal presentation support services. On October 28, 2020, the Finance Committee hosted a public presentation by the City's CalPERS actuary. At the same time, the City issued a request for qualifications (RFQ) to solicit the services of a qualified municipal pension obligation bond advisor. Last month, the City selected Urban Futures, Inc. for this purpose, following interviews with a selection committee made up of the City Manager, Assistant City Manager, and new City Treasurer. On January 6, 2021, the City's Finance Committee received a report from Urban Futures and GovInvest that covered the City's current pension liability, measures the City has taken to address pension, background on the amortization bases that make up the City current UPL, funding strategies, the pros and cons of pension obligation bonds, and a process for adopting a formal written pension funding policy. A copy of the presentation is available on the City's website.

F16: Finance Committee meeting minutes and past Investment Report Summaries are not available on the City of Upland's website for public review.

The City agrees with Finding F16 with regard to Finance Committee minutes. Although the City Council's meeting minutes have also long been available on the City's website (<https://www.uplandca.gov/city-council-agendasminutes>), the City's past practice has not included doing the same for other commissions, committees, and boards. Meeting minutes of the City Council and the City's several commissions, committees, and boards are nevertheless public records and copies may be obtained through the City Clerk's office.

The City disagrees with Finding F16 with regard to the City's Treasury Reports. Past Treasury Reports from December 31, 2015 to the present are available on the City's website (<https://www.uplandca.gov/treasury-management>).

F17: Management personnel discontinued the operation of the Finance Committee to limit input by the City Treasurer regarding Unfunded Pension Liability because they did not want their citizens asking questions about the Unfunded Pension Liability.

The City disagrees with Finding F17. The role and composition of the Finance Committee is defined by the City Council, and the Finance Committee decides how best to fulfill its responsibilities.

The City's UPL is an actuarially-determined liability associated with future pension costs. These costs pose a significant financial challenge for the City, as they do for many public employers. For its part, the City strives for financial transparency and has been taking steps to publicly address the subject. The City regularly identifies the UPL in its Comprehensive Annual Financial Report (CAFR) and makes all required annual UPL

payments. On September 10, 2020, the City Council held a public workshop to highlight and review approaches to addressing the UPL. The same month, the City engaged GovInvest, Inc., an actuarial technology company, to provide the City with a pension module calculator and internal presentation support services. On October 28, 2020, the Finance Committee hosted a public presentation by the City's CalPERS actuary. At the same time, the City issued a request for qualifications (RFQ) to solicit the services of a qualified municipal pension obligation bond advisor. Last month, the City selected Urban Futures, Inc. for this purpose, following interviews with a selection committee made up of the City Manager, Assistant City Manager, and new City Treasurer. On January 6, 2021, the City's Finance Committee received a report from Urban Futures and GovInvest that covered the City's current pension liability, measures the City has taken to address pension, background on the amortization bases that make up the City current UPL, funding strategies, the pros and cons of pension obligation bonds, and a process for adopting a formal written pension funding policy. A copy of the presentation is available on the City's website.

RESPONSES TO THE GRAND JURY RECOMMENDATIONS

As required by state law, the City's response to each recommendation in the Grand Jury Report explains whether the recommendation has been, will be, or will not be implemented or if the recommendation requires further analysis.

20-1: The Upland City Council investigate and make public, at an open public City Council meeting and on the Upland City webpage, how City staff covered up the notation of Unfunded Pension Liability made by the City Treasurer on the monthly Treasury Report. To be implemented no later than the end of March 2021.

Recommendation 20-1 requires further analysis. The City Council discussed retaining an independent investigator to determine the facts that gave rise to the Grand Jury Report on November 23, 2020 and December 14, 2020. If the City conducts an investigation, it expects the process to take at least three months. As in all personnel-related matters, public disclosure of the results of any workplace investigation or disciplinary action must be weighed against the privacy interests of City employees.

20-2: The Upland City Council investigate and make public, at an open public City Council meeting and on the Upland City webpage, what disciplinary action was taken addressing the alteration of the Treasury Report after it was signed by the City Treasurer. To be implemented no later than the end of March 2021.

Recommendation 20-2 requires further analysis. The City Council discussed retaining an independent investigator to determine the facts that gave rise to the Grand Jury Report on November 23, 2020 and December 11, 2020. If the City conducts an investigation, it expects the process to take at least three months. Under the Upland Municipal Code,

the City Manager, not the City Council, is responsible for disciplining City employees for violations of City policy. As in all personnel-related matters, public disclosure of the results of any workplace investigation or disciplinary action must be weighed against the privacy interests of City employees.

20-3: The Upland City Council make public, at an open public City Council meeting and on the Upland City webpage, the actions taken to assure that this type of incident, the altering of a signed report will not recur. To be implemented no later than the end of March 2021.

Recommendation 20-3 will be implemented by March 31, 2021. The City Manager will direct the City Clerk to deliver copies of the final Treasury Report to all signatories before inclusion in the City Council's published agenda packet so any of them may object to its final form. Any written objections or addenda will be presented to the City Council under separate cover. This fact has been disclosed to the public as part of the City Council's public consideration of this response to the Grand Jury Report and the City's website will be updated to include this information.

20-4: Any changes made to the City Treasury Report, after the document is signed by the City Treasurer and submitted to the City Clerk, must be documented in writing with the City Treasurer, the City Manager, and the Mayor. To be implemented immediately.

Recommendation 20-4 will be implemented by March 31, 2021. The City Manager will direct the City Clerk to deliver copies of the final Treasury Report to all signatories before inclusion in the City Council's published agenda packet so any of them may object to its final form. Any written objections or addenda will be presented to the City Council under separate cover. This fact has been disclosed to the public as part of the City Council's public consideration of this response to the Grand Jury Report and the City's website will be updated to include this information.

20-5: Reinstate the signature block for the City Treasurer. To be implemented no later than the end of March 2021.

Recommendation 20-5 was implemented on 1/11/21, as the current Treasury Report includes the new City Treasurer's signature. The City previously removed the City Treasurer's signature block only because a prior City Treasurer categorically refused to sign any report that did not include his comments regarding the City's UPL.

Going forward, the City will submit the City Treasury report for the signature and approval of the City Treasurer, and any written objections or addenda will be presented to the City Council under separate cover. If any City Treasurer refuses or is unavailable to sign the Treasury Report, it may still be approved by the City's chief fiscal officer as permitted under Section 53646(b)(1) of the Government Code.

20-6: Once a month at a City Council Meeting, the City Treasurer presents the submitted Treasury Report and the submitted financial status including, but not limited to, those responsibilities as outlined by CA Government Code Title 4, Chapter 3, Section 41004 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7). To be implemented no later than the end of March 2021.

To the extent that Recommendation 20-6 references Section 41004 of the Government Code, it can be implemented immediately if the City Treasurer so chooses. Section 41004 states:

“Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.”

The City Treasurer is therefore responsible for preparing this monthly report, although past City Treasurers have not regularly done so. Should the City Treasurer going forward choose to submit a report, the City Manager can direct the staff to assist in preparation of the report.

To the extent that Recommendation 20-6 references Section 53646 of the Government Code, it has already been implemented. Section 53646 references the report on City investments, which the City has already been preparing and submitting to the City Council on a monthly basis.

20-7: The roles of the City Treasurer must be clearly outlined in accordance with CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7), and posted to the City’s website for full transparency. To be implemented no later than the end of March 2021.

Recommendation 20-7 requires further analysis. The role and responsibilities of the Upland City Treasurer are not defined solely by Sections 41001–41007 of the Government Code, but are set forth in several sections of the Upland Municipal Code and more than one hundred state statutes that assign powers and duties to, or otherwise reference, city treasurers and local agency treasurers. To the extent Recommendation 20-7 only suggests that the City website should reference Sections 41001–41007 of the Government Code, the City can add a reference to these statutes on the City Treasurer’s page on the City’s website (<https://www.uplandca.gov/city-treasurer>). However, to the extent that 20-7 might be read to suggest that state law requires this action, the City disagrees.

20-8: Establish a structured orientation process for an elected City Treasurer that defines his duties, responsibilities, authority, and the expected interactions as a member of the City of Upland management personnel. Include in the orientation process references to CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) that support the functions and responsibilities of a City Treasurer of a General Law City. To be implemented immediately.

Recommendation 20-8 requires further analysis. The City Treasurer is elected directly by the voters of the City and is not a member of the City's management personnel. The City will evaluate the possibility of creating a structured orientation process in future, but they cannot be compelled to attend. The City did not have time to create a formal orientation process for the new City Treasurer because the Grand Jury Report was issued the day before he was elected. City management personnel has nevertheless met with the new City Treasurer on multiple occasions to discuss his role and will work with him to evaluate any need for formal training in the future.

20-9: In the best interests of the citizens of Upland, management personnel, both elected and appointed, reinstate all fiduciary duties to the elected City Treasurer, as outlined in CA Government Code Title 4, Chapter 3, Sections 41001-41005 (Exhibit 1). To be implemented immediately.

Recommendation 20-9 has already been implemented insofar as the City Treasurer maintains all duties prescribed by the Municipal Code and state law.

20-10: The City establish guidelines and practices which support the appointment of a Deputy City Treasurer by the City Treasurer, should the City Treasurer so desire, for the proper fulfillment of the City Treasurer's financial duties and responsibilities. To be implemented no later than the end of March 2021.

Recommendation 20-10 requires further analysis. State law already authorizes the City Treasurer to appoint one or more deputies. Furthermore, state law provides that deputy officials of any kind are authorized to exercise the authority of a principal officer and to act in their stead. A deputy treasurer might therefore act on the behalf of a City Treasurer on occasions when the City Treasurer is unavailable, but that deputy could not take any action outside the authority of the City Treasurer. However, the authority to appoint a deputy is also not the same as the authority to hire an assistant at public expense. Only the City Council can approve the creation of a such a position on City staff and set their compensation. The City Council would need to consider the financial implications of creating such a position, including its impact on the City's UPL, as part of the 2021-2022 budgetary process.

20-11: The City establish guidelines/practices and training for management personnel at the City of Upland and elected City Council members of the amount of and a full understanding of the Unfunded Pension Liabilities facing the City. To be implemented no later than the end of June, 2021.

Recommendation 20-11 will not be implemented. The City Council, City Manager, and all relevant City staff are already aware of the challenges posed by the City's UPL and will continue their work and public outreach on the issue.

20-12: The City establish guidelines/practices and training which support the understanding by management personnel at the City of Upland and elected City Council members of their roles and responsibilities on the Finance/Investment Committees. To be implemented no later than the end of March 2021.

Recommendation 20-12 requires further analysis. The role and composition of the Finance Committee is defined by the City Council, and the Finance Committee decides how best to fulfill its responsibilities. The City Council may reconsider the role of the Finance Committee once the new City Councilmembers and new City Treasurer have had an opportunity to familiarize themselves with the City's financial issues.

20-13: Document the defined roles, responsibilities and voting authority of all members of the Finance Committee. To be implemented no later than the end of March 2021.

Recommendation 20-13 requires further analysis. The role and composition of the Finance Committee is defined by the City Council, and the Finance Committee decides how best to fulfill its responsibilities. The City Council may reconsider the role of the Finance Committee once the new City Councilmembers and new City Treasurer have had an opportunity to familiarize themselves with the City's financial issues.

20-14: Annually, City of Upland officials, elected and financial management employees, attend an in-house seminar that reviews in detail the financial reporting process for a General Law City and the City of Upland Statement of Investment Policy (Exhibit 2). To be implemented no later than the end of June 2021.

Recommendation 20-14 requires further analysis. The City believes that continuing education is a necessary component of effective financial management. Whether a formal requirement for annual training would be the most effective method or could be accomplished in-house is a policy question that requires further analysis.

20-15: Make available all of the Finance Committee meeting minutes and Investment Report Summaries for the past 3 years to present, on the City website for public access. To be implemented no later than the end of March 2021.

With respect to the City's Treasury Reports, Recommendation 20-15 has already been implemented. Past Treasury Reports from December 31, 2015 to the present are available on the City's website (<https://www.uplandca.gov/treasury-management>).

With respect to minutes of the Finance Committee, Recommendation 20-15 will be implemented promptly as staff resources allow. Pending implementation, copies of past Finance Committee meeting minutes and Treasury Reports are may be obtained by submitting a public records request to the City Clerk's office.

20-16: The City of Upland publish a comprehensive quarterly report on the City website that lists current pension costs, plus a ten-year pension cost projection. This report, in addition to the City's Comprehensive Annual Financial Report, should include the most current Unfunded Pension Liability information, including the City's comprehensive plan addressing the escalation of the Unfunded Pension Liability. To be implemented no later than the end of March 2021.

Recommendation 20-16 requires further analysis. The City has no objection to publishing information concerning its UPL, as it already does in the CAFR. The UPL is an actuarially-determined figure, however, and changes on a continuing basis. The City Finance Committee and City staff will work to determine how to best present this information to the public on a quarterly basis or otherwise.

Early Release Report

SAN BERNARDINO COUNTY 2019-2020 CIVIL GRAND JURY



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CITY OF UPLAND INVESTIGATION

SUMMARY

The 2019-2020 San Bernardino County Civil Grand Jury (Civil Grand Jury) discovered evidence that, in 2019, the City of Upland purposely covered up, on no fewer than five (5) Treasury reports, a handwritten notation made by the elected City Treasurer of \$112,039,675.00 regarding the City of Upland's Unfunded Pension Liabilities. The City's management personnel then forwarded the Treasury Report without the handwritten note to the City Council as unaltered.

The evidence established that, eventually, the cover-up of the Unfunded Pension Liabilities notation was discovered, but that the City of Upland failed to take any disciplinary action. Instead, they decided to permanently remove the elected City Treasurer's signature from the Treasury Report. The evidence further established that masking of the hand-written notation was then supported by the City of Upland's motivation to prevent the citizens of Upland from asking questions about the status of the City's Unfunded Pension Liabilities.

The Civil Grand Jury also discovered evidence that when the City Treasurer submitted an appointment for Deputy Treasurer's position to the City of Upland, City management personnel denied the request without statutory authority. Evidence established that the City Council was not made aware of the appointment. CA Government Code Title 4, Chapter 3, Section 41006, states that "The city treasurer may appoint deputies". Evidence established that the City of Upland City Council determines what compensation is provided for a Deputy Treasurer.

The Civil Grand Jury found evidence that members of the City of Upland Finance Committee were confused about their responsibilities. Evidence established that Finance Committee members differed as to who did and who did not have voting rights. Evidence also established that Finance Committee members did not have an accurate assessment of pension costs related to the City of Upland.

The Civil Grand Jury found that most actions mentioned in this report may not violate the law¹. The Civil Grand Jury does, however, view these practices as deceptive. These actions also demonstrate a lack of proper government practices and transparency to the citizens of Upland.

The Discussion section in this report describes in detail the City of Upland's actions and decisions that represent a lack of transparency to its citizens. The Civil Grand Jury Report includes recommendations to improve Upland's understanding of its responsibilities to the Upland citizens.

Glossary

Capital Project Funds: Funds used to track the accumulation and use of resources for constructing, acquiring, and rehabilitating capital assets, such as buildings and roads.

City Council: A group of elected officials who serve as the legislative body of the City of Upland.

City Treasurer: An elected official who is primarily responsible for managing the revenue and cash flow of the agency, banking, collection, receipt, reporting, custody, investment or disbursement of municipal funds.

Comprehensive Annual Financial Report (CAFR): Compiled annually by a state, municipal or other governmental accounting staff and audited by an external American Institute of Certified Public Accountants (AICPA) certified accounting firm utilizing Governmental Accounting Standards Board (GASB) and adheres to the U.S. Federal Government standards determined by the Federal Accounting Standards Advisory Board (FASAB).

The CAFR is composed of three sections: Introductory, Financial and Statistical. It combines the financial information of fund accounting and Enterprise Authorities accounting.

¹ The San Bernardino County Civil Grand Jury is aware that there potentially may be criminal activity associated with these actions that are not within the jurisdiction of the Civil Grand Jury.

The purpose of a CAFR is to be transparent about the use of taxpayers' money and to give the public a detailed accounting of all expenditures. A CAFR accomplishes this by including dozens of basic and more intricate financial reports along with notes, narratives and supporting data.

Debt Service Funds: Funds used to account for the repayment of debt.

Disbursements: Payments from a fund.

Enterprise Funds: Funds used to separately account for the operations of municipal services which charge fees in exchange for goods and services.

Finance Committee: A standing committee of the City Council that consists of two council members, the City Treasurer (review of Quarterly Investment Report), and a Finance Officer (staff - advisory only). This Committee shall be responsible for reviewing changes to the finances of the City. This may include reviewing warrants and registers, financial statements, investment reports, the City's annual independent audit, City fees and service charges, and operating budgets.

Fund Balances: The difference between assets and liabilities in a governmental fund.

General Fund: Fund where a government accounts for everything not reported in another fund.

General Law City: A city that runs by state rules as outlined in the California Government Code.

Investment Committee: A sub-committee of the Finance Committee that reviews the Quarterly Investment Report.

Management Personnel: Salaried-level employees with supervisory responsibility.

Special Revenue Funds: Funds used to report specific revenue sources that are limited to being used for a particular purpose by law or administrative actions.

Treasury Report: A written report developed under the authority of the City of Upland Statement of Investment Policy (Exhibit 2), that accounts for all city investments that are submitted monthly to the legislative body.

Trust and Agency Funds: Funds used to account for resources held for the benefit of parties outside the city.

- Trust funds account for resources held by a city in a trustee capacity to provide benefits to recipients in accordance with specified terms.
- Agency funds account for resources held by a city (not in a trust) on behalf of individuals or other governments.

Unfunded Pension Liabilities: Pension debt obligations that do not have sufficient funds set aside to pay the debt.

BACKGROUND

Several issues arose that the elected Treasurer of the City of Upland is not being allowed to perform many of his duties by the City of Upland. California Penal Code Section 925a provided the 2019-2020 San Bernardino County Civil Grand Jury jurisdiction to investigate further into these issues.

METHODOLOGY

The Civil Grand Jury determined that the City of Upland is considered a General Law City. The Civil Grand Jury interviewed several general law elected city treasurers, California State government officials, California State treasurer associations, and current and former City of Upland elected and appointed officials. The Civil Grand Jury also researched California and

City of Upland government codes that outline the duties and responsibilities of a city treasurer in a California General Law City.

The Civil Grand Jury researched numerous online documents, and reviewed comparable reports and financials of general law cities. Members of the Civil Grand Jury attended a meeting of the City of Upland Finance Committee.

The Civil Grand Jury communicated with an independent auditing firm to help clarify best practice accounting policies as related to an elected city treasurer.

The Civil Grand Jury made several requests to the City of Upland for personnel interviews, information, and documents. The City of Upland complied with all inquiries for interviews, information, and documents.

DISCUSSION

The statutory purpose of the Civil Grand Jury in this report is to conduct an investigation, identify findings and make recommendations to improve the efficient and effective functioning of government.

Duties of Elected City Treasurer – Signing of Monthly Treasury Report

Shortly after being sworn into office, the City Treasurer was informed by the City's management personnel that one of several responsibilities was managing the City's revenue and cash flow. This included signing the monthly Treasury Report as outlined in CA Government Code Title 4, Chapter 3, Section 41004. (Exhibit 1).

The City Treasurer was informed by management personnel that his duties were outlined in CA Government Code Title 4, Chapter 3, Sections 41001- 41007. (Exhibit 1). Evidence revealed that with the exception of signing the monthly Treasury Report, the City Treasurer rarely, if ever, performed these duties.

The evidence revealed that the role and scope of the newly elected City Treasurer's duties were significantly reduced from the role played by former City Treasurers, and that the Treasurer's activities were limited to oversight of the City's investments, and reviewing and signing the Monthly Treasury Report.

The evidence showed that taking action to limit the City Treasurer's scope of authority from the outset of his tenure was motivated by the City management's desire to suppress the City Treasurer's pre-election and post-election oral and written communications concerning the City's Unfunded Pension Liabilities, because it would result in the public asking too many questions of management personnel and elected City officials.

The evidence revealed that management personnel were of the opinion that the Unfunded Pension Liabilities were noted in the City's Consolidated Annual Financial Report (CAFR), and that the calculation of the Unfunded Pension Liabilities did not constitute a real number and therefore, should not be noted on the Treasury Report, nor anywhere else, because it would result in the public asking too many questions of management employees and management personnel.

City Treasurer Signs Monthly Treasury Reports

The evidence established that the City Treasurer was responsible for reviewing and signing the Treasury Report.

The evidence revealed that the Treasury Reports were prepared by City employees and forwarded to the City Treasurer for review and approval. This is consistent with statutory authority and long-standing practice of management personnel and the City Council. Once the City Treasurer signed the Treasury Report, it was forwarded to the City Manager's Office and then placed on the City Council's Consent Agenda.

The evidence revealed that the City Treasurer sought to inform the citizens of Upland on numerous occasions by making a handwritten notation on the monthly Treasury Report that the City's Unfunded Pension Liabilities exceeded \$112 million. (Exhibit 3).

Local Officials Alter the Treasury Report – Removing the City Treasurer's Handwritten Unfunded Pension Liabilities Notes

The evidence established that as far back as January 2019, management personnel began covering up the City Treasurer's handwritten notation on the Treasury Report concerning the Unfunded Pension Liabilities. The altered Treasury Reports were then filed with the City Clerk on no fewer than five (5) occasions between January 2019 and June 2019, and were included in the Council's monthly Consent Agenda. (Exhibit 4).

The evidence revealed that both versions of the Treasury Reports were in the City's files. However, only the copies that covered up the City Treasurer's notation of the Unfunded Pension Liabilities were sent to the City Council.

The evidence established that making a notation on the Treasury Report regarding Unfunded Pension Liabilities is within the elected City Treasurer's authority. Additionally, there was near unanimous agreement from witnesses interviewed that the City's Unfunded Pension Liabilities posed both a serious threat and a financial liability to the citizens of the City.

Management Personnel Stopped the Practice of Altering the Treasurer Report

The evidence established that management personnel did not inform either their superiors or City Council that a staff member covered up the City Treasurer's handwritten notation concerning the Unfunded Pension Liabilities prior to submission to the City Council.

It wasn't until a July 2019 meeting of the Finance Committee that the Finance Committee members became aware of the alterations to the Treasury Report, and only after an elected city

official asked why the Unfunded Pension Liabilities notation was not included in the version of the Treasury Report submitted to the City Council.

At the July 2019 meeting of the Finance Committee, the members decided to table the discussion until the next meeting because senior management personnel asked to investigate why changes were being made to the Treasury Report.

When other senior members of the City's management personnel became aware of what was happening with the Treasury Report, they initiated an immediate stop to the practice of altering the Treasury Report. However, the evidence revealed that the public was never informed of this matter by city officials, nor was any disciplinary action taken by the City.

Removing the City Treasurer Signature Block from the Treasury Report

The Finance Committee met in October 2019, and voted that the Unfunded Pension Liabilities should not be included on the Treasury Report. The evidence showed that once the City Treasurer learned that the handwritten Unfunded Pension Liabilities note on the Treasury Report was not going to be included on the monthly Treasury Reports, he refused to sign the Treasury Report, and has never signed another Treasury Report (Exhibits 5 and 6).

The evidence showed that if the Treasurer did not sign the October 2019 Treasury Report without the handwritten note concerning the City's Unfunded Pension Liabilities, then his signature block would be removed from the Treasurer's Report altogether.

In place of the City Treasurer's signature, both management personnel and senior management personnel would sign the report, effectively making the Treasury Report no longer the City Treasurer's Report. This is contrary to the City's Statement of Investment Policy (Exhibit 2). In November of 2019, members of the management personnel did, in fact, remove the City Treasurer's signature block entirely from the Treasury Report, and replaced it with their own signatures.

The evidence revealed that members of the City’s management personnel unilaterally took this action without informing members of City Council of their decision(s) regarding another elected City Official.

From this sequence of events, the evidence determined that some city officials suppressed the message the City Treasurer wanted to convey to the public about the City’s Unfunded Pension Liabilities, because it would result in too many questions being asked of management personnel by the citizens of Upland.

Evidence also determined that City Officials mismanaged this matter, in that there were alternate solutions to the problem of noting the City’s Unfunded Pension Liabilities on the Treasury Report, other than covering up the notation, but they were not pursued. For example, a simple memo attached to the Treasury Report concerning the City’s Unfunded Pension Liabilities would have sufficed to address the matter.

This mismanagement was due in part to confusion among City Officials about the responsibilities and duties of an elected City Treasurer, and determined actions to prevent the citizens of Upland from seeing the City Treasurer’s messaging regarding the Unfunded Pension Liabilities.

City Treasurer’s Appointment of Deputy Treasurer

Evidence also showed that the City Treasurer appointed a Deputy City Treasurer, in keeping with the City Treasurer's statutory authority. The City Treasurer’s appointment was denied by the City's management personnel. The CA Government Code Title 4, Chapter 3, Section 41006 states that “The city treasurer may appoint deputies”. The evidence revealed that management personnel acted unilaterally in denying the appointment.

Lack of Understanding CA Codes 41001-41007 and 53646

The evidence revealed that elected City Council and management personnel did not have a complete understanding and/or were confused about the role and responsibilities of the City Treasurer as outlined in CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1), CA Government Code Title 5, Division 2 53646 (Exhibit 7) and the City's Statement of Investment Policy (Exhibit 2) as it applied to the financial reporting and operational processes of the City of Upland.

For example, shortly after being sworn into office, the City Treasurer was informed by the City's management personnel that one of his duties was managing the City's revenue and cash flow. However, the evidence revealed that the City Treasurer has not performed these duties.

In accordance with the City's Statement of Investment Policy, the City Treasurer was to oversee the banking and investments of the City. Additionally, the evidence revealed that not all Finance Committee members were familiar with the City's Statement of Investment Policy (Exhibit 2).

Lack of a Formal Orientation Process for Newly Elected Officials

The evidence revealed that there was no formal orientation process in place for newly elected officials at the City of Upland. Consequently, newly elected officials are forced to reach out to various management personnel for guidance as to what their duties were and how they were to be performed.

The evidence revealed that comparable general law cities held differing opinions about the role of the City Treasurer. In the case of the City of Upland, there was considerable confusion among City officials as to the exact role of the City Treasurer. Additionally, the evidence revealed that management personnel and City Council, being unfamiliar with the underlying statutory authority establishing the duties of the City Treasurer, and having an inconsistent understanding and/or implementation of the City's Statement of Investment Policy (Exhibit 2), led to confusion and mismanagement. As a consequence, the evidence revealed that management personnel took

steps to limit the roles and responsibilities of the City Treasurer in an effort to suppress his messaging on the City's Unfunded Pension Liabilities from public inquiry.

Dissolution of the Finance Committee

Even before the City Treasurer was sworn into office in December 2016, the evidence revealed that management personnel, motivated by a desire to suppress the City Treasurer's messaging concerning the City's Unfunded Pension Liabilities, limited the input of the City Treasurer by dissolving the Finance Committee.

Officially, the Finance Committee was dissolved on March 13, 2017 at a City Council meeting. The evidence revealed that the dissolution of the Finance Committee by City Council was based on the recommendation of management personnel. The minutes of this meeting reflected no discussion on this topic from the City Council members.

Historically, the City Treasurer was always an active member of the Finance Committee, and gave input on a broad range of financial matters as outlined in CA Government Code Title 4, Chapter 3, Sections 41001 - 41007 (Exhibit 1), CA Government Code Title 5, Division 2 53646 (Exhibit 7), and the City's Statement of Investment Policy (Exhibit 2).

The evidence revealed that the only committee the City Treasurer was a member of was the City's Investment Committee. The evidence disclosed that the City Treasurer was not invited to other meetings involving discussion of the City's finances. The evidence further revealed that by taking these actions, the City's management personnel sought to limit the roles and responsibilities of the City Treasurer in an effort to suppress his messaging on the City's Unfunded Pension Liabilities from public inquiry.

Finance Committee Reinstated by the City

Ironically, by Resolution 6504 (Exhibit 8) being passed, approved, and adopted by City Council on August 12, 2019, the Finance Committee was reinstated. In reinstating the Finance

Committee, the City Council gave wide parameters to members of the Finance Committee by stating that, “The committee shall be responsible for reviewing matters pertaining to the finances of the City”. However, even though the City Treasurer was renamed as a member of the Finance Committee, the language of the resolution specifically limited the duties of the City Treasurer to the “review of quarterly investment reports” per Resolution 6504 (Exhibit 8).

The Finance Committee is composed of two City Council members appointed by the Mayor, the City Treasurer, and the Finance Officer. The evidence revealed that the voting responsibility of the City Treasurer as a member of the Finance Committee ranged from full voting authority, limited voting authority and no voting authority. As a result, the views of the City Treasurer are nullified and easily ignored. The evidence supported that minutes of the Finance Committee meetings are recorded. Evidence also supported that the minutes are not detailed and appear to not change substantially from meeting to meeting.

The evidence established that City of Upland elected officials did not understand the calculation nor the financial impact of the pension liabilities facing the City. For example, evidence determined that a finance committee member thought that the City of Upland expends approximately 2 million dollars annually on pension costs. Evidence reveals that the City of Upland’s 2019 projection of pension costs exceeded 11 million dollars in FY 2019-20 and is projected to reach 15 million dollars annually in FY 2027-28. In the end, evidence supported a strong motive for management personnel and elected officials at the City to take steps to prevent this information being brought forward in the Treasury Report for public scrutiny.

Resignation of Upland City Treasurer

The Civil Grand Jury discovered that the Upland City Treasurer resigned, effective August 10, 2020. The resignation of the Upland City Treasurer has had no impact on the Civil Grand Jury’s investigation, findings or recommendations made in this Report.

FINDINGS

- F1: City staff did not inform their superiors or the City Council that changes to the Treasurer's Report, made by the City Treasurer, were removed by staff members before publication.
- F2: The removal of the Unfunded Pension Liability comments from the monthly Treasury Report was acknowledged and eventually approved by members of the City of Upland Finance Committee.
- F3: The City of Upland did remove the City Treasurer's signature block from the Treasurer's Report after the City Treasurer refused to sign the report without a statement about Unfunded Pension Liabilities being placed on the report.
- F4: The City of Upland marginalized (limited) the City Treasurer's role in the City's financial oversight because they did not want their citizens to ask questions regarding the City's Unfunded Pension Liabilities.
- F5: The City of Upland considers actions of publicly addressing the Unfunded Pension Liability as inviting negative criticisms and questions from the citizens of Upland, and not being part of the solution.
- F6: The handwritten notation of \$112,039,675.00, representing the City of Upland's Unfunded Pension Liability, on the monthly Treasury report, although not a best practice, is allowable.
- F7: CA Government Code Title 4, Chapter 3, Section 41006 (Exhibit 1) authorizes the appointment of a Deputy City Treasurer by the City Treasurer.

F8: City management personnel are confused about the City Treasurer's voting authority as a member of the Finance Committee. It is not unanimously understood if the City Treasurer has full voting authority on all Committee issues, or is restricted to specific issues.

F9: The City's management personnel were confused about the roles and responsibilities of the elected City Treasurer, and expressed a preference that the City Treasurer be appointed rather than elected.

F10: City of Upland Finance Committee members either were misinformed or confused about their roles on the Finance/Investment Committee(s).

F11: Not all City management personnel and City Council Members are familiar with the City of Upland's Statement of Investment Policy (Exhibit 2).

F12: City of Upland officials, elected and management, do not have a complete understanding of how CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7) apply to the financial reporting and operational processes of the City of Upland.

F13: City of Upland management personnel is not aware of a City Treasurer's formal orientation process that defines his duties, responsibilities, authority, and interactions within the City of Upland.

F14: The duties of the elected City Treasurer have been reduced or limited to simply overseeing the investment funds, rather than overseeing all funds received and paid out by the City, as specified by CA Government Code Title 4, Chapter 3, Sections 41001 – 41005 (Exhibit 1) and the City's Statement of Investment Policy (Exhibit 2), dated June 25, 2018.

F15: The City of Upland does not have a clear understanding of the amount of annual pension cost and seriousness of the Unfunded Pension Liabilities threatening the City of Upland.

F16: Finance Committee meeting minutes and past Investment Report Summaries are not available on the City of Upland's website for public review.

F17: Management personnel discontinued the operation of the Finance Committee to limit input by the City Treasurer regarding Unfunded Pension Liability because they did not want their citizens asking questions about the Unfunded Pension Liability.

RECOMMENDATIONS

20-1: The Upland City Council investigate and make public, at an open public City Council meeting and on the Upland City webpage, how City staff covered up the notation of Unfunded Pension Liability made by the City Treasurer on the monthly Treasury Report. To be implemented no later than the end of March 2021.

20-2: The Upland City Council investigate and make public, at an open public City Council meeting and on the Upland City webpage, what disciplinary action was taken addressing the alteration of the Treasury Report after it was signed by the City Treasurer. To be implemented no later than the end of March 2021.

20-3: The Upland City Council make public, at an open public City Council meeting and on the Upland City webpage, the actions taken to assure that this type of incident, the altering of a signed report will not recur. To be implemented no later than the end of March 2021.

20-4: Any changes made to the City Treasury Report, after the document is signed by the City Treasurer and submitted to the City Clerk, must be documented in writing with the City Treasurer, the City Manager, and the Mayor. To be implemented immediately.

20-5: Reinstate the signature block for the City Treasurer. To be implemented no later than the end of March 2021.

20-6: Once a month at a City Council Meeting, the City Treasurer presents the submitted Treasury Report and the submitted financial status including, but not limited to, those responsibilities as outlined by CA Government Code Title 4, Chapter 3, Section 41004 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7). To be implemented no later than the end of March 2021.

20-7: The roles of the City Treasurer must be clearly outlined in accordance with CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) and CA Government Code Title 5, Division 2 53646 (Exhibit 7), and posted to the City's website for full transparency. To be implemented no later than the end of March 2021.

20-8: Establish a structured orientation process for an elected City Treasurer that defines his duties, responsibilities, authority, and the expected interactions as a member of the City of Upland management personnel. Include in the orientation process references to CA Government Code Title 4, Chapter 3, Sections 41001- 41007 (Exhibit 1) that support the functions and responsibilities of a City Treasurer of a General Law City. To be implemented immediately.

20-9: In the best interests of the citizens of Upland, management personnel, both elected and appointed, reinstate all fiduciary duties to the elected City Treasurer, as outlined in CA Government Code Title 4, Chapter 3, Sections 41001-41005 (Exhibit 1). To be implemented immediately.

20-10: The City establish guidelines and practices which support the appointment of a Deputy City Treasurer by the City Treasurer, should the City Treasurer so desire, for the proper fulfillment of the City Treasurer's financial duties and responsibilities. To be implemented no later than the end of March 2021.

20-11: The City establish guidelines/practices and training for management personnel at the City of Upland and elected City Council members of the amount of and a full understanding of the Unfunded Pension Liabilities facing the City. To be implemented no later than the end of June, 2021.

20-12: The City establish guidelines/practices and training which support the understanding by management personnel at the City of Upland and elected City Council members of their roles and responsibilities on the Finance/Investment Committees. To be implemented no later than the end of March 2021.

20-13: Document the defined roles, responsibilities and voting authority of all members of the Finance Committee. To be implemented no later than the end of March 2021.

20-14: Annually, City of Upland officials, elected and financial management employees, attend an in-house seminar that reviews in detail the financial reporting process for a General Law City and the City of Upland Statement of Investment Policy (Exhibit 2). To be implemented no later than the end of June 2021.

20-15: Make available all of the Finance Committee meeting minutes and Investment Report Summaries for the past 3 years to present, on the City website for public access. To be implemented no later than the end of March 2021.

20-16: The City of Upland publish a comprehensive quarterly report on the City website that lists current pension costs, plus a ten-year pension cost projection. This report, in addition to the City's Comprehensive Annual Financial Report, should include the most current Unfunded Pension Liability information, including the City's comprehensive plan addressing the escalation of the Unfunded Pension Liability. To be implemented no later than the end of March 2021.

EXHIBITS

Exhibit #1 CA Government Code Title 4, Chapter 3, Sections 41001- 41007

Exhibit #2 City's Statement of Investment Policy

Exhibit #3 Monthly Treasury Report 7/31/2019 Notated

Exhibit #4 Monthly Treasury Report 7/31/2019 Not Notated

Exhibit #5 Monthly Treasury Report 9/2019

Exhibit #6 Monthly Treasury Report 10/2019

Exhibit #7 CA Government Code Title 5, Division 2 53646

Exhibit #8 Resolution 6504

<u>AGENCY</u>	<u>RECOMMENDATIONS</u>	<u>DUE DATE</u>
City of Upland	20-1 through 20-16	1/4/2021

EXHIBIT 1


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GOVERNMENT CODE - GOV
TITLE 4. GOVERNMENT OF CITIES [34000 - 45345] (Title 4 added by Stats. 1949, Ch. 79.)

DIVISION 3. OFFICERS [36501 - 41806] (Division 3 added by Stats. 1949, Ch. 79.)

PART 3. OTHER OFFICERS [40601 - 41805] (Part 3 added by Stats. 1949, Ch. 79.)

CHAPTER 3. City Treasurer [41001 - 41007] (Chapter 3 added by Stats. 1949, Ch. 79.)

41001. The city treasurer shall receive and safely keep all money the treasurer receives.
(Amended by Stats. 2017, Ch. 77, Sec. 1. (SB 742) Effective January 1, 2018.)

41002. (a) The city treasurer shall comply with all laws governing the deposit and securing of public funds and the handling of trust funds in his or her possession.

(b) If the city has issued bonds, the city treasurer shall use a system of accounting and auditing that adheres to generally accepted accounting principles.

(Amended by Stats. 2017, Ch. 77, Sec. 2. (SB 742) Effective January 1, 2018.)

41003. The city treasurer shall pay out money only on warrants signed by legally designated persons.
(Amended by Stats. 2017, Ch. 77, Sec. 3. (SB 742) Effective January 1, 2018.)

41004. Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. The city treasurer shall file a copy with the legislative body.

(Amended by Stats. 2017, Ch. 77, Sec. 4. (SB 742) Effective January 1, 2018.)

41005. The city treasurer shall perform such duties relative to the collection of city taxes and license fees as are prescribed by ordinance.

(Added by Stats. 1949, Ch. 79.)

41006. The city treasurer may appoint deputies.

(Amended by Stats. 2017, Ch. 77, Sec. 5. (SB 742) Effective January 1, 2018.)

41007. The deputies shall hold office at the pleasure of the city treasurer and receive such compensation as is provided by the legislative body.

(Added by Stats. 1949, Ch. 79.)

EXHIBIT 2

EXHIBIT 11

EXHIBIT A

POLICY NO.: 2
SUBJECT: "STATEMENT OF INVESTMENT POLICY"
Dated: June 25, 2018

POLICY

The purpose of this document is to outline the policy on the investment of public monies.

It is the policy of the City of Upland and the Successor Agency to the Upland Redevelopment Agency (hereafter referred to collectively as the "City") to predicate their investment policies, procedures, and practices upon the limitations placed upon them by governing legislative bodies. These policies shall have three primary goals:

- To assure compliance with federal, state, and local laws governing the investment of public monies under the control of the City Treasurer.
- To protect the principal monies entrusted to the City.
- To generate the maximum amount of investment income within the parameters of prudent risk management as defined in this *Statement of Investment Policy*.

For the purposes of this policy, "Investment Officers" shall be defined as the City Treasurer, City Manager, Assistant City Manager, Finance Officer, and his/her designee.

1.0 Scope

This *Statement of Investment Policy* shall apply to all funds that are under the control of the City Treasurer including, but not limited to, the general fund; special revenue funds; debt service funds; capital project funds; enterprise funds; trust and agency funds; and any other funds under the control of the City Treasurer. These funds are accounted for in the City's Comprehensive Annual Financial Report.

Investment of bond proceeds and related reserve funds shall be governed by the documents authorizing the issuance of such indebtedness.

The City's Deferred Compensation Plan ("Plan") shall be excluded from the scope of this *Statement of Investment Policy* if: (1) a third-party administrator manages the Plan; (2) individual plan participants have control over the selection of investments; and (3) the City has no fiduciary responsibility to act as a "trustee" for the Plan. The only exception to the foregoing shall be that if the City retains the fiduciary responsibility to act as a trustee for the Plan, then the provisions of this *Statement of Investment Policy* shall apply to the investment of Plan assets. Under these circumstances, the Finance Officer shall provide the Investment Committee and the City Council with a quarterly report on the investment of Plan assets.

2.0 Standard of Care

Investment Officers, as trustees of public monies, shall adhere to the "prudent investor" standard when managing the City's investment portfolios. They shall invest "...all governing bodies of local agencies or persons authorized to make

investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. 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 City, 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 City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Investment Officers who follow the provisions of this *Statement of Investment Policy*, and who exercise due diligence shall be relieved of personal responsibility for a security's credit risk or market price risk provided that they report substantial deviations from expectations to the City Manager and to the Investment Committee in a timely manner and that they take appropriate action to control adverse developments. "Substantial deviations" shall be defined as either a decline of 10 percent or more in the market value of a security due to issuer default or a credit risk downgrade or the premature sale of a security at 10 percent or more below its acquisition cost.

3.0 Objectives

The City's investment objectives, in order of priority, shall be:

- 3.1 **Safety.** Safety of principal shall be the foremost objective. Investments shall be made with the aim of avoiding capital losses due to issuer default; broker-dealer default; or market value erosion. Principal shall be preserved by mitigating:
 - 3.1.1 **Credit Risk,** the risk of loss due to the failure of the issuer of the security, shall be mitigated by investing in only the highest quality securities and by diversifying investments; and
 - 3.1.2 **Market Risk,** the risk of loss due to a decline in bond prices because of rising market interest rates, shall be mitigated by structuring the portfolios so that issues mature concurrently with the City's anticipated cash requirements, thereby eliminating the need to sell securities prematurely on the open market.
 - 3.1.3 It is recognized, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall investment strategy.
- 3.2 **Liquidity.** An adequate percentage of the portfolios shall be maintained in liquid, short-term securities that can be converted to cash, if necessary, to meet disbursement requirements. Since all cash requirements cannot be anticipated, the portfolios should consist largely of securities with active secondary markets. These securities should have a relatively low sensitivity

to market risk. Maximum overall portfolio maturities are referenced in section 15.0, paragraph 2 of this *Statement of Investment Policy*.

3.3 Yield. Yield shall be considered only after the basic requirements of safety and liquidity have been met.

4.0 Delegation of Authority

California Government Code Sections 53607 and 53608 authorize the legislative body of a local agency to invest, deposit, and provide for the safekeeping of the local agency's funds or to delegate those responsibilities to the treasurer of the local agency.

The City Treasurer, City Manager, Assistant City Manager, Finance Officer, or his/her designee shall have the exclusive authority to buy and sell securities on behalf of the City. They shall engage in mutual consultation and in collective decision making on economic trends, investment opportunities, and portfolio structuring.

5.0 Internal Controls

The City Treasurer and Finance Officer shall be responsible for ensuring that all investment transactions comply with the City's *Statement of Investment Policy* and for establishing internal controls that are designed to prevent losses due to fraud, negligence, and third-party misrepresentation. The City Treasurer and Finance Officer shall establish written procedures for the operation of the City's investment program that are consistent with this *Statement of Investment Policy*.

Internal controls deemed most important shall include: avoidance of collusion; separation of duties and administrative controls; separating transaction authority from accounting and record keeping; custodial safekeeping; clear delegation of authority; management approval and review of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; documentation of investment transactions and strategies; and monitoring of results.

The Investment Committee consists of two City Council members, selected by the Mayor, and the City Treasurer. The Committee shall be responsible for reviewing changes to the City investment reports, transactions, policies and procedures, and strategies, on a quarterly basis.

6.0 Conflict of Interest

Investment Officers shall refrain from personal business activity that could conflict with the proper execution of the City's investment program or impair their ability to make impartial investment decisions. They shall disclose to the City Council any material financial interest in financial institutions that conduct business within the City's jurisdiction. They shall also disclose any personal investment positions that could be related to the performance of the City's investment portfolios. Investment Officers shall subordinate their personal investment transactions to those of the

City, particularly with regard to the timing of securities purchases and sales, and shall avoid transactions that might impair public confidence.

Investment Officers and their immediate relatives shall not accept or solicit any gifts, gratuities, honorariums, or favors from persons or entities who provide or who are seeking to provide financial services to the City.

7.0 Authorized Broker-Dealers

The Finance Officer or Assistant City Manager shall have the authority to select any qualified broker-dealer(s) deemed necessary in facilitating investment transactions.

Any broker-dealer that has made a political contribution within any consecutive four-year period following January 1, 1996 in an amount that exceeds the limits in Municipal Securities Rulemaking Board ("MSRB") Rule G-37, to any member of or candidate for the City Council or City Treasurer shall not be eligible to transact business with the City.

Qualified broker-dealers (1) have been in existence for more than five years; (2) have a net capital position in excess of \$100 million; (3) are licensed as broker-dealers by the State of California; and (4) are headquartered or have a branch office in California.

The Finance Officer shall conduct an annual review of the financial condition and the registrations of all approved broker-dealers. In addition to other requirements, the City shall give all approved broker-dealers a copy of the City's current *Statement of Investment Policy* and a certification form. The completion and submission of the certification form by an approved broker-dealer shall constitute proof that it has received the City's *Statement of Investment Policy*, read it, and intends to comply with it. The Finance Officer shall keep current audited annual financial statements on file for each approved broker-dealer with which the City does business.

Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, the investment officer shall make their best efforts to document quotations for comparable or alternative securities.

8.0 Authorized Public Depositories

The Finance Officer shall maintain an Approved List of all commercial banks that the Finance Committee and the City Council have authorized as public depositories of City monies. This List shall be provided to all members of the City Council and the Finance Committee.

The City shall only deposit public monies in financial institutions that have: (1) at least \$100 million in total assets; (2) a core capital-to-total assets ratio of at least five percent; (3) favorable statistical ratings from a nationally recognized rating service, as determined by the City Treasurer; (4) a federal or a state charter; and (5)

a branch office within San Bernardino County and/or Los Angeles County. The only exception to the foregoing shall be 100% Federal Deposit Insurance Company (FDIC) insured securities purchased through a broker-dealer.

Under no circumstances shall the City's deposits in a financial institution exceed the total shareholder's equity of that institution.

9.0 Safekeeping and Custody

Investment Officers shall conduct all security transactions on a delivery-versus-payment ("DVP") or on a receipt-versus-payment ("RVP") basis. A third-party bank trust department ("Custodian") that acts as an agent for the City under the terms of a custody agreement executed between both parties shall hold the securities. The City's Custodian shall be represented on the Approved List.

The only exception to the foregoing shall be securities purchases made with: (1) local government investment pools; (2) money market mutual funds; and (3) Federal Reserve Banks ("Treasury Direct Program") since the purchased securities are not deliverable. No securities broker-dealer or investment advisor shall have access to City monies, accounts, or investments. Any transfer of monies to or through a securities broker-dealer must have the City Treasurer or Finance Officer's prior written approval. If they are unavailable, then the management authorization chain-of-command specified in section 4.0, paragraph 2 of this *Statement of Investment Policy* shall be followed.

The City shall not purchase more than \$15 million of securities from the Custodian if the Custodian will subsequently be holding those securities in custody for the City.

The City shall require Broker Trade Confirmations for all trades. Investment Officers shall review these confirmations immediately upon receipt, for conformity with the terms of the City's Trade Sheets.

10.0 Collateralization

Investment Officers shall ensure that all demand deposits and all non-negotiable certificates of deposit that exceed the FDIC insured limit, shall be fully collateralized with securities authorized under state law and under this *Statement of Investment Policy*. Collateral may be waived up to the FDIC limit for CD's since these will be insured by the FDIC. Any amount on deposit over the FDIC limit plus accrued interest, however, shall be collateralized with United States Treasury or federal agency securities at a constant margin ratio of 110 percent or with mortgage-backed collateral at a constant margin ratio of 150 percent.

Collateralized investments and demand deposits may require substitution of collateral. The City Treasurer must approve all requests from financial institutions for substitution of collateral that involve interchanging classes of security. An independent third party with whom the City has a current custodial agreement shall always hold the collateral. The independent third party shall provide the Finance

Officer with a safekeeping receipt that he shall retain.

11.0 Authorized Investments

The City's investments are governed by California Government Code, Sections 53600 *et seq.* Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

11.01 United States Treasury Bills, Notes, Bonds, and Certificates of Indebtedness

There shall be no concentration limit on the purchase of Treasuries other than for zero coupon securities. *Purchases of zero coupon Treasuries shall not exceed 10 percent of the market value of the City's investment portfolio.*

11.02 Federal Agency and Instrumentality Notes

Investment shall be permitted in the following discount and coupon security issuers: the Federal Farm Credit Bank, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Tennessee Valley Authority, the Export-Import Bank of the United States, the Federal Land Bank, the Small Business Administration, the Student Marketing Loan Association, and the Farm Credit Consolidated System. *Purchases of callable securities shall not exceed 50 percent of the market value of the City's investment portfolio. No more than 50 percent of the market value of the City's investment portfolios may be invested in any one issuer.*

11.03 Municipal Securities

Obligations of the City, the State of California, any of the other 49 states, and any local agency within the State of California. *Purchases must be rated in a rating category of "A" or higher by at least one nationally recognized statistical rating organization (NRSRO).*

11.04 Medium-Term Notes

Defined as all corporate and depository institutions debt securities with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investment shall be limited to medium-term notes ("MTN") rated in a rating category of "A" or better by an NRSRO. *Purchases shall not exceed 30 percent of the market value of the City's investment portfolio.*

11.05 Bankers' Acceptances

Investment shall be permitted in prime banker's acceptances ("BA") issued by commercial banks which have short-term debt obligations rated "A-1" or higher by at least one nationally recognized statistical-rating organization; or long-term debt obligations which are rated in a rating category of "A" or higher by at least one nationally recognized statistical rating organization. *Purchases of BAs shall not exceed 180 days to maturity. Purchases of BAs shall not exceed 40 percent of the market value of the City's investment portfolios. No more than 30 percent of the market value of the City's investment portfolios shall be invested in BAs issued by any one bank.*

11.06 Commercial Paper

Investment shall be permitted in prime commercial paper ("CP") that is rated "A" by an NRSRO. The issuing corporation must be organized and operating in the United States; have total assets of \$500 million or more; and have long-term debentures that have been rated "A" or higher by a nationally recognized statistical rating organization. *Purchases of CP shall not exceed 270 days to maturity. No more than 15 percent of the market value of the City's investment portfolios shall be invested in CP. No more than 10 percent of the outstanding CP of any one issuer shall be purchased.*

11.07 Asset Backed, Mortgage-Backed, Mortgage Pass-Through securities and Collateralized Mortgage Obligations

The securities must be rated in a rating category of "AA" or higher by a nationally recognized statistical rating organization and are issued by corporations which have long-term obligations that are rated in a rating category of "A" or higher by at least one nationally recognized statistical rating organization. *No more than 20% of the total portfolio market value may be invested in these securities. There is no issuer limitation on any Mortgage security where the issuer is the US Treasury or a Federal Agency/GSE. The maximum maturity must not exceed five years.*

11.08 Certificates of Deposit

Investment shall be permitted in negotiable and non-negotiable, collateralized certificates of deposit ("CD") issued by public depositories that meet the criteria specified in section 8.0, paragraph 2 of this *Statement of Investment Policy*. CDs that exceed the FDIC insured limit shall be collateralized pursuant to the provisions of this *Statement of Investment Policy*. *No more than 30 percent of the market value of the City's investment portfolio shall be invested in CDs. If collateralization will not be involved, then no more than the maximum insured amount may be invested in any one issuer.*

11.09 Mutual Funds and Money Market Mutual Funds

Mutual Funds and Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided:

Mutual Funds invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria: (1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; and (2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million. Commission (e.g., sales load on purchases, reinvested dividends, redemptions, and exchanges) shall not be included in the purchase of any fund shares. *No more than 10 percent of the total portfolio may be invested in shares of any one mutual fund. No more than 20 percent of the total portfolio may be invested in mutual funds and money market mutual funds.*

Money Market Mutual Funds investments shall be permitted in shares of beneficial interest issued by diversified management companies that are money market funds ("MMF") registered with the SEC under the Investment Company Act of 1940. In seeking to maintain a stable share price of \$ 1.00, the MMF shall have a dollar-weighted average maturity of 90 days or less and shall purchase securities with an effective maturity of 13 months or less. Commission (e.g., sales load on purchases, reinvested dividends, redemptions, and exchanges) shall not be included in the purchase of any fund shares. A qualifying MMF must have: (1) total portfolio net assets of \$500 million or more; and (2) the highest rating of the two largest nationally recognized rating services OR an investment advisor who is registered with the SEC, and who has five years or more of experience investing for MMFs of \$500 million or more in total portfolio net assets. The City shall require audited annual financial statements from each MMF in which it has public monies invested. *No more than 20 percent of the market*

value of the City's investment portfolios may be invested in mutual funds and MMFs.

11.10 Local Agency Investment Fund ("LAIF")

Investment shall be permitted in this pool which is organized and managed by the State Treasurer's Office for the benefit of local agencies, pursuant to California Government Code Section 16429.1. The City Council approved City participation in LAIF on February 22, 1977 in Resolution Number 2716. The Successor Agency to the Redevelopment Agency approved participation in LAIF on February 13, 2012 in Resolution Number 2012-4. *Investment shall be limited to the maximum amount per legal entity that is permitted under state law.*

11.11 Supranational Securities

Investment shall be permitted in issues that are US 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. The securities shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO. *No more than 30 percent of the total portfolio invested in these securities. No more than 10 percent of the portfolio may be invested in any single issuer, and the maximum maturity shall not exceed five years.*

12.0 Prohibited Investments and Practices

Investment Officers shall not invest public monies in financial instruments that are not authorized under this *Statement of Investment Policy*.

Prohibited investments shall include, but shall not be limited to, equity securities, bond mutual funds, repurchase agreements, reverse repurchase agreements, and derivative contracts (forwards, futures, and options). The purchase of derivative securities shall be prohibited *except for callable and for zero coupon Treasury ("STRIPS") securities.*

Investment Officers shall not engage in securities lending, short selling, or other hedging strategies.

LAIF and MMFs shall be exempt from the prohibitions on derivative contracts, derivative securities, repurchase agreements, reverse repurchase agreements, securities lending, short selling, and other hedging strategies.

13.0 Investment Pools

Investment Officers shall investigate all local government investment pools ("LGIPs") prior to investing public monies and periodically thereafter while City public monies are invested in the LGIP. With the exception of LAIF, all LGIPs shall meet the criteria specified for money market funds in this *Statement of Investment Policy*.

14.0 Diversification

Investment Officers shall diversify the City's investment portfolio by security type and by issuer to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. No more than 5 percent of the total portfolio market value may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and GSEs, supranational securities, collateralized deposits, mutual funds, money market mutual funds or local government investment pools.

15.0 Maximum Maturity

Investment Officers shall not invest in securities with maturities exceeding five years. The Investment Committee and City Council, however, may approve longer maturities for the investment of bond reserve, bond escrow, and other funds if the maturities of such investments are expected to coincide with the use of the funds.

At least 50 percent of the City's portfolio shall mature in three years or less; 30 percent in two years or less; and 20 percent in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of bonds or notes.

16.0 Portfolio Rebalancing

In the event that portfolio percentage constraints are violated due to a temporary imbalance in the portfolio, then Investment Officers may hold the affected securities to maturity in order to avoid capital losses. If no capital losses would be realized upon sale, however, then the Investment Officers shall consider rebalancing the portfolio after evaluating the expected length of time that it will be imbalanced. Portfolio percentage limits are in place in order to ensure diversification of the City investment portfolio; a small, temporary imbalance, not to exceed three months, will not significantly impair that strategy. Bond or note proceeds shall not be factored into the balance of the portfolio.

17.0 Credit Downgrading

This *Statement of Investment Policy* sets forth minimum credit risk criteria for each type of security. This credit risk criteria applies to the initial purchase of a security; it does not automatically force the sale of a security if its credit risk ratings fall below policy limits.

If a security is downgraded below the minimum credit risk criteria specified in this *Statement of Investment Policy*, then the Investment Officers shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold.

The Finance Officer shall inform the Finance Committee at its next regular meeting of the credit downgrade and of the Investment Officer's decision to hold or sell the downgraded security.

The Investment Officers shall review the credit standing of all securities in the City's investment portfolios on a semiannual basis.

18.0 Portfolio Benchmark

The Treasurer shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the Treasurer's monthly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

The City's portfolios may be actively managed for purposes of improving portfolio risk structure, liquidity, or yield in response to market conditions or to meet City requirements.

19.0 Performance Reporting

The Finance Officer shall provide an investment report to the Investment Committee at the regularly scheduled meeting.

This report shall include a complete portfolio inventory with details on issue, par value, market value, coupon/rate, original settlement date of purchase, final maturity date, average weighted yield, and average days to maturity, and market value (including source of market valuation). The report will include a statement on compliance or noncompliance with the City's *Statement of Investment Policy* and a statement on whether there are or are not sufficient funds to meet the City's anticipated cash requirements for the next six months.

20.0 Policy Review and Adoption

The City Treasurer and Finance Officer shall submit a *Statement of Investment Policy* to the City Council and the Successor Agency Board annually for their review and adoption.

GLOSSARY OF INVESTMENT TERMS

Agencies. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae" issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae" issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Asset Backed Securities. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Average Life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Bankers' Acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Callable. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial Paper. The short-term unsecured debt of corporations.

Cost Yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The annual rate of interest which is paid on a bond.

Credit Risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current Yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery vs. Payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal Deposit Insurance Corporation (FDIC). An independent US agency that insures bank deposits, including deposits in a checking account, negotiable order of withdrawal (NOW) account savings account, money market deposit account (MMDA), time deposit such as a certificate of deposit (CD), or an official item issued by a bank (such as a cashier's check or money order), currently up to \$250,000 per depositor, per issued bank, for each account ownership category.

Federal Funds Rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee. A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Investment Advisor. As defined by the Investment Advisors Act of 1940, any person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of client assets or via written publications. An investment advisor who has sufficient assets to be registered with the SEC is known as a Registered Investment Advisor, or RIA. Investment advisors are prohibited from disseminating advice known to be deceitful or fraudulent and from acting as a principal on their own accounts by buying and selling securities between themselves and a client without prior written consent.

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity: The speed and ease with which an asset can be converted to cash without a substantial loss in value

Local Government Investment Pool (LGIP). The aggregate of all funds from political subdivisions that are placed in custody of the State Treasurer for investment and reinvestment.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Margin: The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market Risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market Value. The price at which a security can be traded.

Marking to Market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium Term Notes. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified Duration. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money Market. The market in which short-term debt instruments (Tbills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

Mortgage Pass-Through Securities. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Municipal Securities. Securities issued by state and local agencies to finance capital and operating expenses.

Mutual Fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks and bonds, and money market.

Instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Nationally Recognized Statistical Rating Organization (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment Speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment Window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary Dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent Person (Prudent Investor) Rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized Yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional Dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

Repurchase Agreement (RP, Repo). Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Structured Note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield

on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Supranational. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

Time Deposit. A savings account or certificate of deposit (CD) that pays a fixed rate of interest until a given maturity date.

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

U.S. Treasury Obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury Bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury Notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury Bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

EXHIBIT 3

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

AUG 22 2019

For Period Ended
July 31, 2019

CITY MANAGER'S OFFICE

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 22,951,376	N/A	\$ 23,113,862	25.9%
Bank Accounts and Change Funds	6,405,638	N/A	6,405,638	7.2%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	1,710,441	N/A	1,710,441	1.9%
Government Agency Securities	43,809,112	43,855,000	43,805,039	49.2%
Corporate Bonds	13,044,430	13,053,000	13,155,177	14.8%
US Treasury	800,440	800,000	796,912	0.9%
Total Cash and Investments	\$ 88,721,438	\$ 57,708,000	\$ 88,987,070	100.0%

PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 7/31/19	1,124,049	1,124,049	14.3%
Pension Trust Investment as of 7/31/19	6,726,145	6,726,145	85.7%
Total Cash and Investments	\$ 7,850,194	\$ 7,850,194	100.0%

Weighted Average Days to Maturity	815.11
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Blended Yield:	2.240%
Benchmarks:	
LAIF	2.379%
2yr U.S. Treasury	1.890%
5yr U.S. Treasury	1.840%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	11	11
Colonies CFD Area #2 2015	2,762,478	2,762,478
Colonies CFD Area #1 2012	3,443,372	3,443,372
Upland 54 CFD 2004	287,266	287,266
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,457,152	2,457,152
Harvest at Upland CFD 2016-1	8,513,450	8,513,450
Total Restricted Funds	\$ 17,463,727	\$ 17,463,727

NET PENSION LIABILITY TOTALLED \$ 114,039,675.00 PER THE 6-30-18 COMPREHENSIVE ANNUAL FINANCIAL REPORT.

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2018.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



Reviewed by Finance Officer



City Treasurer



Date

8/22/19

Date

EXHIBIT 4

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

RECEIVED

AUG 22 2019

For Period Ended
July 31, 2019

CITY MANAGER'S OFFICE

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 22,951,376	N/A	\$ 23,113,862	25.9%
Bank Accounts and Change Funds	6,405,638	N/A	6,405,638	7.2%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	1,710,441	N/A	1,710,441	1.9%
Government Agency Securities	43,809,112	43,855,000	43,805,039	49.2%
Corporate Bonds	13,044,430	13,053,000	13,155,177	14.8%
US Treasury	800,440	800,000	796,912	0.9%
Total Cash and Investments	\$ 88,721,438	\$ 57,708,000	\$ 88,987,070	100.0%

PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 7/31/19	1,124,049	1,124,049	14.3%
Pension Trust Investment as of 7/31/19	6,726,145	6,726,145	85.7%
Total Cash and Investments	\$ 7,850,194	\$ 7,850,194	100.0%

Weighted Average Days to Maturity	615.11
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Blended Yield:	2.240%
Benchmarks:	
LAIF	2.379%
2yr U.S. Treasury	1.890%
5yr U.S. Treasury	1.840%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	11	11
Colonies CFD Area #2 2015	2,762,478	2,762,478
Colonies CFD Area #1 2012	3,443,372	3,443,372
Upland 54 CFD 2004	287,266	287,266
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,457,152	2,457,152
Harvest at Upland CFD 2016-1	8,513,450	8,513,450
Total Restricted Funds	\$ 17,463,727	\$ 17,463,727

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2018.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.

Reviewed by Finance Officer

Date

City Treasurer

Date

EXHIBIT 5

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

For Period Ended
September 30, 2019

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 21,451,378	N/A	\$ 21,545,381	24.6%
Bank Accounts and Change Funds	5,881,776	N/A	5,881,776	6.8%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	2,540,448	N/A	2,540,448	2.9%
Government Agency Securities	43,759,516	43,805,000	43,828,566	50.3%
Corporate Bonds	12,584,553	12,583,000	12,735,732	14.6%
US Treasury	802,322	800,000	586,636	0.7%
Total Cash and Investments	\$ 86,819,991	\$ 56,988,000	\$ 87,130,539	100.0%

PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 8/31/19	1,132,498	1,132,498	14.3%
Pension Trust Investment as of 8/31/19	6,803,139	6,803,139	85.7%
Total Cash and Investments	\$ 7,935,637	\$ 7,935,637	100.0%

Weighted Average Days to Maturity	642.61
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Blended Yield:	2.220%
Benchmarks:	
LAIF	2.280%
2yr U.S. Treasury	1.630%
5yr U.S. Treasury	1.550%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	544,228	544,226
Colonies CFD Area #2 2015	1,732,731	1,732,731
Colonies CFD Area #1 2012	2,385,603	2,385,603
Upland 54 CFD 2004	201,250	201,250
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,458,105	2,458,105
Harvest at Upland CFD 2016-1	8,239,085	8,239,085
Total Restricted Funds	\$ 15,561,000	\$ 15,561,000

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2018.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



Reviewed by Finance Officer

10/23/19

Date

City Treasurer

Date

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
September 30, 2019**

<u>Fund or Account</u>	<u>Account Balance</u>	
City	95-36-642	21,451,376
		<u>Market Value (See Note 4)</u>
	Totals	\$ 21,451,376
		\$ 21,545,381
Yield for Period Ended	9/30/2019	<u>2.280%</u>

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

**For Period Ended
September 30, 2019**

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,400	\$ 11,400
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	2,670,661	2,920,661
City of Upland Successor Agency	Chase	-	2,949,715	2,949,715
Totals		\$ 250,000	\$ 5,631,776	\$ 5,881,776

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
September 30, 2019

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
<u>Government Securities</u>						
FHLMC	Morgan Stanley & Co	3137EADM8	198,817	199,994	1.250%	10/2/2019
FNMA	Deutsche Bank Sec Intl	3135G0R39	1,485,675	1,499,100	1.000%	10/24/2019
FHLB	Wells Fargo Sec LLC	3130AA3R7	1,498,710	1,498,980	1.375%	11/15/2019
FHLB	Wells Fargo Sec LLC	3130A0JR2	205,698	200,180	2.375%	12/13/2019
FHLB	Wells Fargo Sec LLC	3130A7PU3	199,088	199,354	1.200%	4/6/2020
FFCB	Wells Fargo Sec LLC	3133ECPD0	204,100	204,498	1.420%	5/13/2020
FHLB	Federal Home Loan Bks	313382J53	1,508,501	1,498,685	1.750%	9/28/2020
FNMA	Deutsche Bank Sec Intl	3135G0RM7	1,499,295	1,495,245	1.630%	10/30/2020
FNMA	Deutsche Bank Sec Intl	3135G0F73	1,492,515	1,494,690	1.500%	11/30/2020
FFCB	Federal Farm Credit Bks	3133EHYU1	1,236,313	1,250,013	1.840%	9/13/2021
FNMA	Deutsche Bank Sec Intl	3135G0Q89	1,481,400	1,491,495	1.375%	10/7/2021
FFCB	Federal Farm Credit Bks	3133EFFT8	2,020,180	2,009,280	1.960%	11/19/2021
FHLB	Federal Home Loan Bks	3130AFCU9	1,500,000	1,502,415	3.125%	11/28/2021
FHLB	Federal Home Loan Bks	3130AGCU7	1,500,000	1,505,100	2.550%	5/6/2022
FFCB	Federal Farm Credit Bks	3133EKMN3	1,000,000	1,002,360	2.430%	8/3/2022
FHLMC	Federal Home LN Corp	3134GTS06	1,500,000	1,500,495	2.500%	6/6/2022
FFCB	Federal Farm Credit Bks	3133EKVP8	3,000,000	3,004,950	2.110%	7/22/2022
FFCB	Federal Farm Credit Bks	3133EHYB3	1,232,838	1,250,038	1.940%	9/12/2022
FHLB	Federal Home Loan Bks	3130ACH72	1,247,738	1,250,000	2.280%	10/4/2022
FFCB	Federal Farm Credit Bks	3133EHF73	1,248,850	1,250,013	2.280%	10/17/2022
FHLMC	Federal Home LN Corp	3134GB3A8	1,500,000	1,501,020	2.250%	11/28/2022
FHLMC	Morgan Stanley & Co	3134GTIX0	2,000,000	2,004,540	2.780%	10/30/2023
FHLMC	Morgan Stanley & Co	3134GTDW0	2,000,000	2,006,660	2.760%	4/30/2024
FHLMC	Morgan Stanley & Co	3134GTPF4	1,500,000	1,501,230	2.700%	5/22/2024
FHLMC	Federal Home LN Corp	3134GTRZ8	2,000,000	2,001,520	2.650%	8/4/2024
FHLB	Federal Home Loan Bks	3130AGKB0	2,500,000	2,508,800	2.550%	6/5/2024
FHLMC	Federal Home LN Corp	3134GTRK1	1,000,000	1,002,980	2.550%	6/17/2024
FHLMC	Federal Home LN Corp	3134GTP56	1,500,000	1,502,205	2.300%	7/30/2024
FHLMC	Federal Home LN Corp	3134GTP98	1,500,000	1,501,230	2.400%	7/30/2024
FFCB	Federal Farm Credit Bks	3133EKZN9	1,500,000	1,489,320	2.080%	8/13/2024
FHLMC	Federal Home LN Corp	3134GUBY5	1,500,000	1,500,240	2.000%	9/18/2024
Government Securities Subtotal			43,759,516	43,828,568		
<u>Money Market Fund</u>						
City of Upland US Bank		31846V203	2,540,448	2,540,448	0.93%	N/A
Money Market Fund Subtotal			2,540,448	2,540,448		
<u>Corporate Bonds</u>						
Lakeside Bank CD		51210SPT8	250,000	250,105	2.400%	10/30/2019
USNY Bank CD		90344LEQ8	250,000	250,175	2.650%	11/5/2019
Wex Bank Midvale CD		92937CHF8	250,000	250,323	2.550%	12/13/2019
Bank of China CD		06428FMD8	250,000	250,028	1.950%	12/20/2019
Bank Baroda New CD		08063HBF9	250,000	250,528	2.800%	12/27/2019
Customers Bank CD		23204HHM3	250,000	250,038	1.950%	12/30/2019
The Fahey CD		303117CQ6	250,000	250,430	2.500%	1/10/2020
Union Bank CD		90520VAG8	250,000	250,573	2.650%	1/16/2020
Merrick Bank CD		59013J5A3	250,000	250,630	2.700%	1/21/2020
Radius Bank CD		75047ABK9	250,000	250,100	2.000%	1/29/2020
Town and Country CD		8921DPBZ5	250,000	250,105	2.000%	1/30/2020
Valley NB CD		919853BX8	250,000	250,745	2.700%	2/7/2020
Iberia Bank CD		45083ALH3	250,000	251,003	2.800%	3/2/2020

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
September 30, 2019

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
Compass BK CD		20451PWE2	250,000	251,018	2.800%	3/4/2020
Bank of OZK C D		06417NGZ0	250,000	250,673	2.350%	4/9/2020
United Bankers CD		909567HZ6	250,000	251,630	2.850%	5/18/2020
Brookline Bank CD		11373QFU7	250,000	251,790	2.900%	5/28/2020
First Financial CD		32021SFP8	250,000	252,008	2.900%	6/28/2020
Ally Bank Midvale Utah		02007GDM2	250,875	251,755	2.750%	6/28/2020
TCF National Bank CD		87227RCN2	250,000	251,498	2.800%	7/2/2020
Wells Fargo Bank CD		949763SP2	249,673	252,043	2.800%	7/27/2020
Bank Pontiac ILL C D		064455AM0	250,000	251,188	2.350%	8/14/2020
State Street Bank Note		857477AS2	103,593	100,472	2.550%	8/18/2020
Bank of Hope CD		062683BX4	250,000	252,365	2.800%	8/14/2020
Comenity CAP BK CD		20033AXY7	250,000	250,528	2.000%	10/23/2020
First Internet CD		32056GDD9	250,000	253,690	3.000%	12/28/2020
JP Morgan Chase CD		48128F4V1	250,000	250,700	3.000%	1/8/2021
Live Oak CD		538036DX9	250,000	254,023	3.000%	2/9/2021
Eagle Bank CD		27002YDY9	250,000	253,725	2.800%	3/8/2021
CitiBank NA CD		17312QH83	250,000	253,575	2.750%	4/12/2021
Capital One NA CD		14042RFV8	246,218	250,523	2.250%	5/24/2021
B Bay LLC Promissory Notebal		05680ANK6	250,000	255,283	3.000%	7/13/2021
Capital One Bank CD		14042TBG1	250,000	251,355	2.100%	8/2/2021
Abacus Federal CD		00257TBA3	250,000	255,185	2.900%	8/31/2021
First Fid Bank C D		32024FAB7	250,000	255,040	2.850%	9/14/2021
Wells Fargo Bank CD		949763LT1	250,000	252,400	2.250%	12/8/2021
Synchrony Bank CD		87164WVYK8	250,000	255,325	2.700%	3/8/2022
Sterling Bank CD		85916VCW3	250,000	257,708	3.100%	3/9/2022
Morgan Stanley CD		61690UFC9	250,000	255,958	2.800%	3/14/2022
American CD		02567DN38	249,675	248,967	2.400%	4/6/2022
First Northeast CD		33583FABB	239,570	248,188	2.000%	4/19/2022
Old Missouri CD		69002LBL1	250,000	258,195	3.100%	5/5/2022
American Express CD		02567CFU9	250,000	263,105	2.400%	8/29/2022
BMO Harris CD		05581WN35	250,000	250,478	2.850%	9/14/2022
Apple Inc		037833DE7	494,750	508,130	2.400%	1/13/2023
Goldman Sachs CD		38148PYQ4	250,000	258,020	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P88	250,000	261,868	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	263,270	3.300%	7/11/2023
Morgan Stanley C D		61760AZR3	250,000	259,203	2.750%	5/2/2024
Jonesboro St Bank C D		48040PF88	250,000	250,098	2.050%	9/16/2024
Corporate Bonds Subtotal			12,584,553	12,735,732		
US Treasury						
US T-note	Barclays Capital Inc	912828G61	199,188	199,816	1.500%	11/30/2019
US T-note	Citigroup Global Mkt Inc	912828H52	202,258	199,554	1.250%	1/31/2020
US T-note	Morgan Stanley	912828UV0	200,676	199,268	1.125%	3/31/2020
US Treasury Subtotal			602,322	598,638		
Total Portfolio			\$ 59,486,841	\$ 59,703,362		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 08/30/19 10/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
September 30, 2019						
Petty Cash	11,400	10/01/19	1	0.0%	0.00	
Checking Account	2,920,881	10/01/19	1	3.4%	0.03	
Successor Agency	2,949,715	10/01/19	1	3.4%	0.03	5,881,778
Total Bank Accounts	<u>5,881,778</u>					
State Local Agency Investment Fund	<u>21,545,381</u>	10/01/19	1	24.7%	0.25	21,545,381
US Bank	2,540,448	10/01/19	1	2.9%	0.03	2,540,448
Total Money Market Accounts	<u>2,540,448</u>					
Morgan Stanley & Co	189,994	10/02/19	2	0.2%	0.00	
Deutsche Bank Sec Intl	1,499,100	10/24/19	24	1.7%	0.41	1,899,094
Government Securities	<u>1,699,094</u>					
Lakeside Bank CD	250,106	10/30/19	30	0.3%	0.09	250,106
Corporate Bonds	<u>250,106</u>					
						<u>31,916,804</u> 1 - 30 days
Wells Fargo Sec LLC	1,498,980	11/16/19	46	1.7%	0.79	1,498,980
Government Securities	<u>1,498,980</u>					
USNY Bank CD	250,175	11/05/19	36	0.3%	0.10	250,175
Corporate Bonds	<u>250,175</u>					
						<u>1,749,155</u> 31 - 60 days
Wells Fargo Sec LLC	200,180	12/13/19	74	0.2%	0.17	200,180
Government Securities	<u>200,180</u>					
Wex Bank Midvale CD	250,323	12/13/19	74	0.3%	0.21	
Bank of China CD	250,028	12/20/19	81	0.3%	0.23	
Bank Baroda New CD	250,528	12/27/19	88	0.3%	0.25	
Customers Bank CD	250,038	12/30/19	91	0.3%	0.26	
The Fahey CD	250,430	01/10/20	102	0.3%	0.29	
Union Bank CD	250,573	01/16/20	108	0.3%	0.31	
Merick Bank CD	250,630	01/21/20	113	0.3%	0.33	1,752,548
Corporate Bonds	<u>1,752,548</u>					
Barclays Capital Inc	199,818	11/30/19	61	0.2%	0.14	199,818
US Treasury	<u>199,818</u>					
						<u>2,152,544</u> 61 - 120 days
Radius Bank CD	250,100	01/29/20	121	0.3%	0.35	
Town and Country CD	250,105	01/30/20	122	0.3%	0.35	
Valley N B CD	250,745	02/07/20	130	0.3%	0.37	
Iberia Bank CD	251,003	03/02/20	154	0.3%	0.44	
Compass BK CD	251,018	03/04/20	156	0.3%	0.45	1,252,970
Corporate Bonds	<u>1,252,970</u>					
Citigroup Global Mkt Inc	199,554	01/31/20	123	0.2%	0.28	199,554
US Treasury	<u>199,554</u>					
						<u>1,452,524</u> 121 - 180 days
Wells Fargo Sec LLC	199,354	04/06/20	189	0.2%	0.43	
Wells Fargo Sec LLC	204,498	05/13/20	226	0.2%	0.53	
Federal Home Loan Bks	1,498,865	09/28/20	364	1.7%	6.26	1,802,515
Government Securities	<u>1,902,515</u>					
Bank of OZK C D	250,673	04/09/20	192	0.3%	0.65	
United Bankers CD	251,630	05/19/20	232	0.3%	0.67	
Brookline Bank CD	251,790	05/29/20	242	0.3%	0.70	
First Financial CD	252,008	08/28/20	270	0.3%	0.78	
Ally Bank Midvale Utah	251,755	06/29/20	273	0.3%	0.79	
TCF National Bank CD	251,498	07/02/20	276	0.3%	0.80	
Wells Fargo Bank CD	252,043	07/27/20	301	0.3%	0.87	
Bank Pontiac ILL C D	251,188	08/14/20	319	0.3%	0.92	
State Street Bank Note	100,472	08/18/20	323	0.1%	0.37	
Bank of Hope CD	252,365	09/14/20	350	0.3%	1.01	2,385,420
Corporate Bonds	<u>2,385,420</u>					

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 09/30/19 10/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
September 30, 2019							
Morgan Stanley US Treasury	<u>199,266</u> 199,266	03/31/20	183	0.2%	0.42	199,266	
						<u>4,467,200</u>	181 - 1 year
Deutsche Bank Sec Intl Deutsche Bank Sec Intl Federal Farm Credit Bks Government Securities	<u>1,495,245</u> 1,494,690 1,250,013 4,239,948	10/30/20 11/30/20 09/13/21	396 427 714	1.7% 1.7% 1.4%	6.80 7.33 10.24	4,239,948	
Cornentiy CAP BK CD First Internei CD JP Morgan Chase CD Live Oak CD Eagle Bank CD Citibank NA CD Capital One NA CD B Bay LLC Promissory Notebal Capital One Bank CD First Fid Bank C D Corporate Bonds	<u>250,528</u> 253,690 250,700 254,023 253,725 253,575 250,523 255,263 251,355 255,040 2,528,420	10/23/20 12/28/20 01/08/21 02/08/21 03/08/21 04/12/21 05/24/21 07/13/21 08/02/21 09/14/21	389 455 466 498 525 560 602 652 672 715	0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3%	1.12 1.32 1.34 1.45 1.53 1.63 1.73 1.91 1.94 2.09	2,528,420	
						<u>6,768,388</u>	1- 2 years
Deutsche Bank Sec Intl Federal Farm Credit Bks Federal Home Loan Bks Federal Home Loan Bks Federal Farm Credit Bks Federal Home LN Corp Federal Farm Credit Bks Federal Farm Credit Bks Government Securities	<u>1,491,495</u> 2,009,260 1,502,415 1,505,100 1,002,360 1,500,495 3,004,950 1,250,038 13,266,113	10/07/21 11/19/21 11/28/21 05/08/22 06/03/22 06/06/22 07/22/22 08/12/22	738 781 788 949 877 980 1,026 1,078	1.7% 2.3% 1.7% 1.7% 1.2% 1.7% 3.4% 1.4%	12.63 18.01 13.59 16.39 11.24 16.88 35.38 15.47	13,266,113	
Wells Fargo Bank CD Synchorny Bank CD Morgan Stanley CD Sterling Bank CD American CD First Northeast CD Old Missouri CD American Express CD Corporate Bonds	<u>252,400</u> 255,325 255,958 257,708 248,967 248,188 258,185 253,105 2,029,845	12/08/21 03/08/22 03/14/22 03/08/22 04/05/22 04/18/22 05/05/22 08/29/22	800 890 898 891 918 932 948 1,064	0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3% 0.3%	2.32 2.61 2.63 2.64 2.62 2.65 2.81 3.09	2,029,845	
						<u>15,295,957</u>	2- 3 years
Federal Home Loan Bks Federal Farm Credit Bks Federal Home LN Corp Government Securities	<u>1,250,000</u> 1,250,013 1,501,020 4,001,033	10/04/22 10/17/22 11/28/22	1,100 1,113 1,165	1.4% 1.4% 1.7%	15.78 15.97 19.90	4,001,033	
Abacus Federal CD BMO Harris CD Apple Inc Goldman Sachs CD Sallie Mae Bank Salt Lke Discover Bank Greenwood Del CD Corporate Bonds	<u>255,185</u> 250,478 508,130 258,020 261,868 263,270 1,796,950	10/04/22 09/14/22 01/13/23 02/28/23 05/09/23 07/11/23	1,100 1,080 1,201 1,247 1,317 1,380	0.3% 0.3% 0.6% 0.3% 0.3% 0.3%	3.22 3.10 7.00 3.69 3.98 4.17	1,796,950	
						<u>5,797,883</u>	3- 4 years
Morgan Stanley & Co Morgan Stanley & Co Morgan Stanley & Co Federal Home LN Corp Federal Home Loan Bks Federal Home LN Corp Federal Home LN Corp Federal Home LN Corp Federal Home LN Corp Federal Farm Credit Bks Federal Home LN Corp Government Securities	<u>2,004,540</u> 2,008,660 1,501,230 2,001,520 2,508,800 1,002,960 1,502,205 1,501,230 1,489,320 1,500,240 17,020,705	10/30/23 04/30/24 05/22/24 06/04/24 06/05/24 08/17/24 07/30/24 07/30/24 08/13/24 09/18/24	1,481 1,674 1,698 1,709 1,710 1,722 1,765 1,765 1,779 1,815	2.3% 2.3% 1.7% 2.3% 2.8% 1.2% 1.7% 1.7% 1.7% 1.7%	34.30 38.59 29.22 39.26 49.24 19.82 30.43 30.41 30.41 31.25	17,020,705	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

September 30, 2019	Market Value	Availability 09/30/19 10/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
Morgan Stanley C D	259,203	05/02/24	1,878	0.3%	4.99	
Jonesboro St Bank C D	250,098	09/16/24	1,813	0.3%	5.20	609,300
Corporate Bonds	509,300					
						<u>17,530,005</u> 4-5 years
Total Investments	<u>\$ 87,130,539</u>			100.00%	642.61	<u>\$ 87,130,539</u>
	Average Maturity in Days		642.61			
	Average Maturity in Years:		1.781			
LAIF Amortized Cost	\$ 97,726,256,515					
LAIF Fair Value	\$ 98,154,616,097					
Check:	1.004382228					

TREASURY REPORT
 City of Upland - Successor Agency - Public Financing Authority

September 30, 2019

Par Values Maturing by Date and Type
Maturities In Thousands of Dollars

Investment Portfolio	1 day to 30 days	31 days to 60 days	61 days to 120 days	121 days to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
State Local Agency Investment Fund	21,545	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	5,882	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	1,699	1,499	200	-	1,903	4,240	13,266	4,001	17,021
Money Market Fund	2,540	-	-	-	-	-	-	-	-
Corporate Bonds	250	250	1,753	1,253	2,365	2,528	2,030	1,797	509
US Treasury	-	-	200	200	199	-	-	-	-
Total Cash and Investments	31,916	1,749	2,153	1,453	4,467	6,768	15,296	5,798	17,530
Percentage	36.7%	2.0%	2.5%	1.7%	5.1%	7.8%	17.6%	6.7%	20.0%

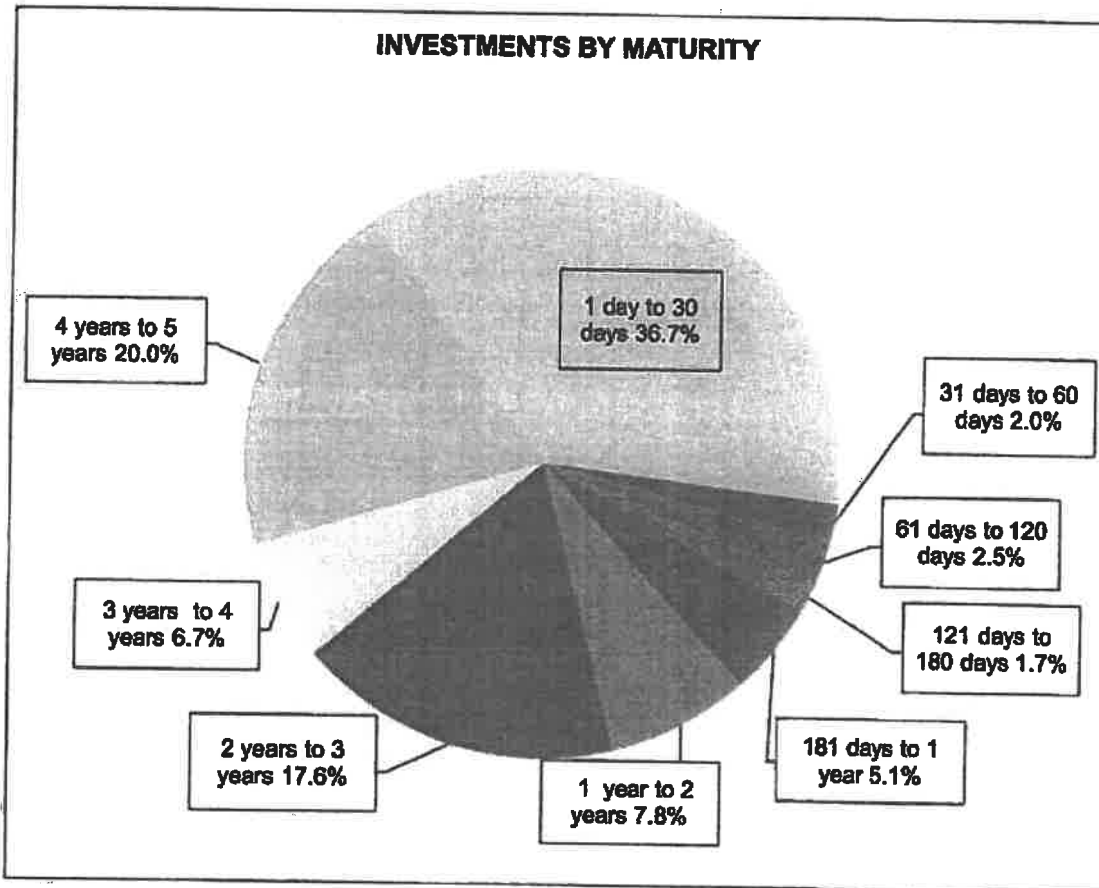


EXHIBIT 6

TREASURY REPORT
 City of Upland - Successor Agency - Public Financing Authority

For Period Ended
 October 31, 2019

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 21,580,037	N/A	\$ 21,758,339	24.3%
Bank Accounts and Change Funds	7,488,501	N/A	7,488,501	8.4%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	5,876,233	N/A	5,876,233	6.8%
Government Agency Securities	40,828,837	40,855,000	40,888,058	45.9%
Corporate Bonds	12,334,553	12,343,000	12,484,370	14.0%
US Treasury	602,322	600,000	599,372	0.7%
Total Cash and Investments	\$ 88,718,283	\$ 53,798,000	\$ 89,088,871	100.0%

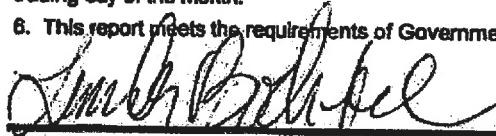
PARS Investment Portfolio	Cost	Market Value	% of Portfolio
116 Trust-OPEB Investment as of 10/31/19	1,147,121	1,147,121	14.3%
Pension Trust Investment as of 10/31/19	6,860,273	6,860,273	85.7%
Total Cash and Investments	\$ 8,007,392	\$ 8,007,392	100.0%

Weighted Average Days to Maturity	602.55
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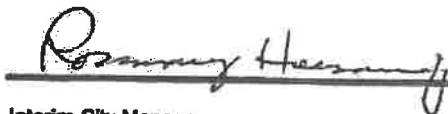
Blended Yield:	2.200%
Benchmarks:	
LAIIF	2.190%
2yr U.S. Treasury	1.520%
5yr U.S. Treasury	1.510%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	14	14
Colonies CFD Area #2 2015	1,732,999	1,732,999
Colonies CFD Area #1 2012	2,385,968	2,385,968
Upland 64 CFD 2004	201,281	201,281
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,458,498	2,458,498
Harvest at Upland CFD 2016-1	8,250,244	8,250,244
Total Restricted Funds	\$ 15,029,004	\$ 15,029,004

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2018.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



Reviewed by Finance Officer



Interim City Manager

11/20/19

Date

11/21/19

Date

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

**For Period Ended
 October 31, 2019**

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,400	\$ 11,400
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	4,275,387	4,525,387
City of Upland Successor Agency	Chase	-	2,949,715	2,949,715
Totals		\$ 250,000	\$ 7,236,501	\$ 7,486,501

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
October 31, 2019

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
Iberia Bank CD		45083ALH3	250,000	251,048	2.800%	3/2/2020
Compass BK CD		20451PWE2	250,000	251,083	2.800%	3/4/2020
Bank of OZK C D		06417NGZ0	250,000	250,838	2.350%	4/9/2020
United Bankers CD		909557HZ8	250,000	251,718	2.850%	5/19/2020
Brookline Bank CD		11373QFU7	250,000	251,878	2.900%	5/28/2020
First Financial CD		32021SFP6	250,000	252,108	2.900%	6/26/2020
Ally Bank Midvale Utah		02007GDM2	250,875	251,888	2.750%	6/29/2020
TCF National Bank CD		87227RCN2	250,000	251,870	2.600%	7/2/2020
Wells Fargo Bank CD		949763SP2	249,873	252,210	2.800%	7/27/2020
Bank Pontiac ILL C D		064455AM0	250,000	251,433	2.350%	8/14/2020
State Street Bank Note		857477AS2	103,593	100,537	2.550%	8/18/2020
Bank of Hope CD		062883BX4	250,000	252,488	2.800%	9/14/2020
Comerity CAP BK CD		20033AXY7	250,000	250,750	2.000%	10/23/2020
First Internet CD		32056GDD9	250,000	253,703	3.000%	12/28/2020
JP Morgan Chase CD		48128F4V1	250,000	250,830	3.000%	1/8/2021
Live Oak CD		538038DX9	250,000	254,035	3.000%	2/9/2021
Eagle Bank CD		27002YDY9	250,000	253,768	2.800%	3/8/2021
CitiBank NA CD		17312QH93	250,000	253,843	2.750%	4/12/2021
Capital One NA CD		14042RFV8	248,218	250,730	2.250%	5/24/2021
B Bay LLC Promissory Notebal		05580ANK6	250,000	255,230	3.000%	7/13/2021
Capital One Bank CD		14042T8G1	250,000	251,495	2.100%	8/2/2021
Abacus Federal CD		00257TBA3	250,000	255,145	2.900%	8/31/2021
First Fid Bank C D		32024FAB7	250,000	255,010	2.850%	9/14/2021
Wells Fargo Bank CD		949763LT1	250,000	252,408	2.250%	12/8/2021
Synchrony Bank CD		87184WYK8	250,000	255,078	2.700%	3/8/2022
Sterling Bank CD		85918VCW3	250,000	257,380	3.100%	3/9/2022
Morgan Stanley CD		61890UFC9	250,000	255,880	2.800%	3/14/2022
American CD		02587DN38	249,875	248,760	2.400%	4/5/2022
First Northeast CD		33583FAB8	239,570	248,010	2.000%	4/18/2022
Old Missouri CD		68002LBL1	250,000	257,755	3.100%	5/5/2022
American Express CD		02587CFU9	250,000	252,555	2.400%	8/29/2022
BMO Harris CD		05581WVN35	250,000	250,373	2.850%	9/14/2022
Apple Inc		037833DE7	494,750	509,530	2.400%	1/13/2023
Goldman Sachs CD		38148PYQ4	250,000	267,230	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	261,030	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	262,443	3.300%	7/11/2023
Morgan Stanley C D		61760AZR3	250,000	258,860	2.750%	5/2/2024
Jonesboro St Bank C D		48040PFB6	250,000	250,180	2.050%	9/16/2024
Corporate Bonds Subtotal			12,334,553	12,484,370		
US Treasury						
US T-note	Barclays Capital Inc	912828G61	199,188	199,942	1.500%	11/30/2019
US T-note	Citigroup Global Mkt Inc	912828H52	202,258	199,828	1.250%	1/31/2020
US T-note	Morgan Stanley	912828UV0	200,876	199,602	1.125%	3/31/2020
US Treasury Subtotal			602,322	599,372		
Total Portfolio			\$ 59,641,747	\$ 59,846,031		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

October 31, 2019	Market Value	Availability 10/31/19 11/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
Petty Cash	11,400	11/01/19	1	0.0%	0.00	
Checking Account	4,525,387	11/01/19	1	5.1%	0.05	
Successor Agency	2,949,715	11/01/19	1	3.3%	0.03	7,486,501
Total Bank Accounts	7,486,501					
State Local Agency Investment Fund	21,756,339	11/01/19	1	24.4%	0.24	21,756,339
US Bank	5,876,233	11/01/19	1	6.6%	0.07	5,876,233
Total Money Market Accounts	5,876,233					
Wells Fargo Sec LLC Government Securities	1,499,850 1,499,850	11/15/19	15	1.7%	0.25	1,499,850
USNY Bank CD Corporate Bonds	250,038 250,038	11/05/19	5	0.3%	0.01	250,038
Barclays Capital Inc US Treasury	199,942 199,942	11/30/19	30	0.2%	0.07	199,942
						<u>37,066,903</u> 1 - 30 days
Wells Fargo Sec LLC Government Securities	200,140 200,140	12/13/19	43	0.2%	0.10	200,140
Wex Bank Midvale CD	250,280	12/13/19	43	0.3%	0.12	
Bank of China CD	250,133	12/20/19	50	0.3%	0.14	
Bank Baroda New CD	250,470	12/27/19	57	0.3%	0.16	
Customers Bank CD	250,155	12/30/19	60	0.3%	0.17	1,001,048
Corporate Bonds	1,001,048					<u>1,201,168</u> 31 - 60 days
The Fahey CD	250,460	01/10/20	71	0.3%	0.20	
Union Bank CD	250,580	01/16/20	77	0.3%	0.22	
Merrick Bank CD	250,843	01/21/20	82	0.3%	0.23	
Radius Bank CD	250,275	01/29/20	90	0.3%	0.25	
Town and Country CD	250,280	01/30/20	91	0.3%	0.26	
Valley NB CD	250,785	02/07/20	99	0.3%	0.28	1,503,023
Corporate Bonds	1,503,023					
Citigroup Global Mkt Inc US Treasury	199,828 199,828	01/31/20	92	0.2%	0.21	199,828
						<u>1,702,851</u> 61 - 120 days
Wells Fargo Sec LLC Government Securities	199,686 199,686	04/06/20	158	0.2%	0.35	199,686
Iberia Bank CD	251,048	03/02/20	123	0.3%	0.35	
Compass BK CD	251,063	03/04/20	125	0.3%	0.36	
Bank of OZK C D	250,838	04/09/20	161	0.3%	0.45	752,948
Corporate Bonds	752,948					
Morgan Stanley US Treasury	199,602 199,602	03/31/20	152	0.2%	0.34	199,602
						<u>1,152,236</u> 121 - 180 days
Wells Fargo Sec LLC	204,783	05/13/20	195	0.2%	0.45	
Federal Home Loan Bks	1,501,560	09/28/20	333	1.7%	5.61	
Deutsche Bank Sec Int Government Securities	1,488,785 3,205,128	10/30/20	365	1.7%	6.14	3,205,128
United Bankers CD	251,718	05/19/20	201	0.3%	0.57	
Brookline Bank CD	251,878	05/29/20	211	0.3%	0.60	
First Financial CD	252,108	06/26/20	239	0.3%	0.68	
Ally Bank Midvale Utah	251,888	06/29/20	242	0.3%	0.68	
TCF National Bank CD	251,670	07/02/20	245	0.3%	0.69	
Wells Fargo Bank CD	252,210	07/27/20	270	0.3%	0.76	
Bank Pontiac ILL C D	251,433	08/14/20	268	0.3%	0.81	
State Street Bank Note	100,537	08/18/20	292	0.1%	0.33	
Bank of Hope CD	252,488	09/14/20	319	0.3%	0.90	
Comenity CAP BK CD	250,750	10/23/20	358	0.3%	1.01	2,366,677
Corporate Bonds	2,366,677					

TREASURY REPORT
 City of Upland - Successor Agency - Public Financing Authority

October 31, 2019

Par Values Maturing by Date and Type
Maturities in Thousands of Dollars

Investment Portfolio	1 day to 30 days	31 days to 60 days	61 days to 120 days	121 days to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
State Local Agency Investment Fund	21,756	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	7,487	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	1,500	200	-	200	3,205	4,243	11,780	3,504	16,254
Money Market Fund	5,876	-	-	-	-	-	-	-	-
Corporate Bonds	250	1,001	1,503	753	2,367	2,533	2,278	1,290	509
US Treasury	200	-	200	200	-	-	-	-	-
Total Cash and Investments	37,069	1,201	1,703	1,153	5,572	6,776	14,058	4,794	16,763
Percentage	41.7%	1.3%	1.9%	1.3%	6.3%	7.6%	15.8%	5.4%	18.7%

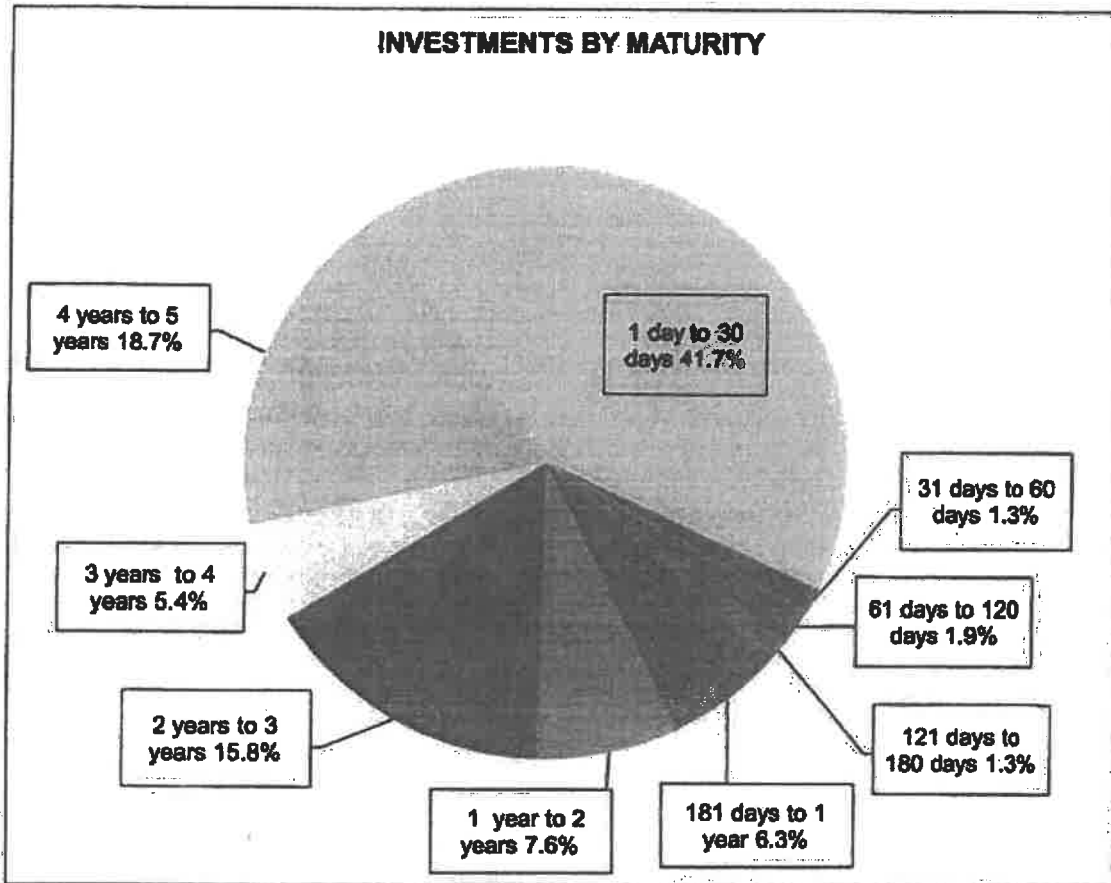


EXHIBIT 7

EXHIBIT 14



California

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GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57550] (Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 56821] (Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54899.7] (Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997] (Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 2. Deposit of Funds [53630 - 53686] (Article 2 added by Stats. 1949, Ch. 81.)

53646. (a) (1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities,

investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000).

(g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

(Amended by Stats. 2009, Ch. 332, Sec. 68.5. (SB 113) Effective January 1, 2010.)

EXHIBIT 8

RESOLUTION NO. 6504

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UPLAND
AMENDING THE POLICIES AND PROCEDURES RELATIVE TO THE
ESTABLISHMENT AND OPERATION OF COMMISSIONS,
COMMITTEES, BOARDS, AND AUTHORITIES APPOINTED TO
ADVISE THE CITY COUNCIL**

Intent of the Parties and Findings

(i) The use of citizen Commissions, Committees, Boards, and Authorities to advise the City Council on issues of public concern is an efficient and effective means of involving citizens in policy development; and

(ii) Chapter 2.16 and Section 2.20.030 of the Upland Municipal Code provides that the City Council shall by resolution, establish a process for the screening of individuals desiring to serve as City Commission, Committee, Boards or Authority members; and

(iii) The effective use of these Commissions, Committees, Boards, and Authorities is furthered by clear guidelines governing their creation and operation; and

(iv) The City Council adopted Resolution No. 4331 which established guidelines governing the creation and operation of established Commissions, Committees, Boards and Authorities; and

(v) From time to time there is a need to eliminate or amend the established rules governing the operation and creation of Commissions, Committees, Boards, and Authorities, which was the basis for the adoption of Resolutions No. 5786, 6038, 6270, and 6397; and

(vi) The City desires to provide a fair and equitable manner by which citizens are appointed to City Commissions, Committees, Boards, and Authorities, which is free of undue influence, but which advances the authority provided by Government Code Section 40605; and

(vii) The City Council may establish standing committees of the legislative body to provide an opportunity for fact finding prior to consideration by the entire Council; and

(viii) The City Council established the Recreation Committee by Resolution No. 4839 on June 9, 1997, and rescinded previously adopted Resolution Nos. 2600, 3324, 3626, 4212 and 4474 and amended Resolution Nos. 4331 and 5007; and

(ix) The City Council later amended the composition of the Recreation Committee with Resolution No. 5007, dated February 8, 1999, adding two School Board Members to the Committee; and

(x) The City Council added the Finance & Economic Development Committee, Police & Fire Committee, and Public Works Committee with Resolution No. 5290, dated December 10, 2001.

(xi) The Council amended the Standing Legislative Committees by Resolution No. 6397 to include Economic Development Committee, Police & Fire Committee, Public Works Committee, and Investments Committee.

(xii) The City Council established the Litigation Committee by Resolution No. 6447 dated May 29, 2018.

NOW, THEREFORE, the Upland City Council hereby finds, determines and resolves as follows:

Section 1. The City Council hereby amends the established guidelines for Authorities, Boards, Committees, and Commissions of the City (as attached) including incorporating, by reference, all prior actions taken by the City Council to eliminate or modify Committees, to the extent they are not inconsistent with the attached guidelines.

Section 2. Amend the Standing Legislative Committees to include Economic Development Committee, Finance Committee, Police & Fire Committee, and Public Works Committee.

Section 2. The City Council hereby further amends the established guidelines for Authorities, Boards, Committees and Commissions of the City (as attached) to include guidelines for standing legislative committees.

Section 3. Certification. The City Clerk shall certify the adoption of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 12th day of August, 2019.



Debbie Stone, Mayor

I, Keri Johnson, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 12th day of August, 2019, by the following vote:

AYES: Mayor Stone, Councilmembers Elliott, Felix, Velto, Zuniga
NOES: None
ABSENT: None
ABSTAINED: None

ATTEST:


Keri Johnson, City Clerk

COMMISSIONS, COMMITTEES, BOARDS, AND AUTHORITIES

SECTION 1. CREATION OF COMMISSIONS, COMMITTEES, BOARDS, AND AUTHORITIES

The Upland City Council shall have the power from time to time by resolution to create such Commissions, Committees, Boards, and Authorities which are necessary or deemed advisable by the Council to carry out the governmental functions of the City in the manner reflecting the best interest of its citizens. The number of members to each Commission, Committee, Board, and/or Authority shall unless otherwise required by law, correspond to the number of members of the appointing body as authorized by law. Each active member of the Upland City Council shall have an appointee on each Commission, Committee, Board and/or Authority. Each appointee shall be a citizen nominated by the Mayor or Councilmember, respectively, and approved by a majority vote of the City Council and appointed by the Mayor.

SECTION 2. DEFINITION

"Commission" shall be any group established pursuant to the Upland Municipal Code. "Committee" shall be any group of individuals which shall have any ongoing charge from the City Council and which are formed by resolution. "Committee" shall not include Committees composed solely of elected officials. "Board" shall be any group formed pursuant to State law providing for same. "Authority" shall be any group formed pursuant to State law providing for same. "Standing Legislative Committee" shall include committees comprised of elected officials who will review operational concerns prior to official council action.

SECTION 3. APPLICABILITY

The provisions of this resolution shall apply to all Commissions, Committees, Boards, and Authorities hereafter created by resolution of the City Council and to existing Commissions, Committees, Boards, and Authorities as identified on the attachments hereto. The provisions of this resolution shall supersede any minute motion or resolution of any prior City Council of Upland which is in conflict with the provisions of this document. Insofar as possible, the provisions of this resolution shall govern the operation and creation of Commissions, Committees, Boards, and Authorities appointed by the City Council except in those instances where the provisions of this resolution conflict with provisions of State or Federal law.

SECTION 4. APPOINTMENT AND APPLICATION PROCESS

The City Clerk shall maintain a roster of individuals who expressed interest in serving on City Commissions, Committees, Boards, and Authorities, who may be nominated by a serving member of the City Council, and who have completed an application form in a manner established or approved by the City Council. Said application shall indicate among other things, the Commission, Committee, Board, or Authority on which said individual is interested in serving. Any application filed shall be valid for a period of three (3) years. Incumbent Commission, Committee, Board, or Authority members shall submit an application prior to the end of their term if they would like to be considered for reappointment. Members of the City Council shall make appointments from this roster.

SECTION 5. SELECTION AND APPOINTMENT

Members of the City Council requiring representation on a particular Commission, Committee, Board, or Authority shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place nominations before the City Council for its review and approval as and when necessary.

For selections made by the Mayor and ratified by the City Council, the Mayor shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place the nominations before the City Council for its review and approval as and when necessary.

In appointing Planning Commissioners, the Mayor shall establish an interview panel composed of the Mayor (or another Councilmember appointed by the Mayor), the Mayor Pro Tem (or another Councilmember appointed by the Mayor), the Chair of the Planning Commission, and the Development Services Director (advisory). All applicants will be interviewed and the interview panel shall recommend to the Mayor at least one of those which a majority of the interview panel believe to be qualified. The Mayor shall appoint the Commissioners for ratification by the Council.

Appointments to standing legislative committees (Economic Development, Finance Committee, Police & Fire Committee, and Public Works Committee) are made by the Mayor biannually to coincide with elections and may be reviewed and reassigned annually or as needed.

SECTION 6. TERMS OF COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

For Council nominated appointments the term of each Commission, Committee, Board, and Authority member shall coincide with the holding of office by the nominating member of the City Council, unless otherwise prescribed by resolution creating the Commission, Committee, Board, or Authority.

For appointments made by the Mayor, the term shall be as outlined in the creation of the Commission, Committee, Board, or Authority.

No Commission, Committee, Board, or Authority member shall serve for more than two (2) consecutive terms on any individual Committee, Commission, Board, or Authority without the approval of the City Council by an affirmative 4/5ths vote.

SECTION 7. REMOVAL FROM COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

Any Committee, Commission, Board, or Authority member may be removed from office during their unexpired term upon 4/5ths vote of the City Council, when in the sole discretion of the Council said removal is deemed appropriate. Notwithstanding the foregoing, if the appointee's nominating Councilmember is no longer a part of the Upland City Council or Mayor, that appointee shall be deemed to have automatically resigned the seat they hold upon the filling of the City Council vacancy.

SECTION 8. RESIDENCY OF COMMISSION, COMMITTEE, BOARD, AND AUTHORITY MEMBERS

In order to be appointed to a Commission, Committee, Board, or Authority, a prospective appointee must be a resident of the City of Upland and must remain in residence throughout

the term of their appointment, unless a member is appointed by another entity. This provision may be waived upon an affirmative 4/5ths vote of the Council.

SECTION 9. CHAIRPERSON SELECTION

With the exception of the Planning Commission, the Library Board, and the Personnel Board of Review, the member appointed by the Mayor to any Commission, Committee, Board, and/or Authority shall serve as the Chairperson of that body. With regard to the Planning Commission, the Library Board, and the Personnel Board of Review, the members of said bodies shall select, nominate, and appoint by majority consensus, a sitting member of the Body to the position of Chairperson. The term of the Chairperson shall be for 2 years. No Chairperson shall serve for more than two (2) consecutive terms without the approval of the City Council by an affirmative 4/5ths vote.

SECTION 10. POSTING REQUIRED

The City Clerk shall, before December 31st of each year, develop a listing of all scheduled vacancies on City Commissions, Committees, Boards, and/or Authorities expected during the next twelve (12) months. In addition to the requirement of the Government Code, said list shall be posted at City buildings and other locations as may be designated from time to time by City Council resolution, for a period of thirty (30) days and announced at a Council meeting in December. Said listing shall advise interested parties to obtain application forms and related materials at the City Clerk's office. In addition, the City Clerk shall publish said list in the city newsletter seeking applications from interested parties and listing scheduled vacancies during the same thirty (30) day period. Unscheduled vacancies shall be advertised in accordance with the Government Code and posted at the same location as scheduled vacancies.

SECTION 11. DUTIES

The Commissions, Committees, Boards, and Authorities established by the Council shall perform such duties and have such powers as may be established from time to time by the Council.

SECTION 12. ATTENDANCE

In any case where a Commission, Committee, Board, and/or Authority member has missed three (3) regularly scheduled meetings in a twelve (12) month period without notifying the Chair of said Commission, Committee, Board, and/or Authority in advance of said meeting, the City Clerk shall contact the Commission, Committee, Board, and/or Authority member with a request to provide the reasons therefore, which shall be forwarded to the City Council.

SECTION 13. OPEN MEETINGS

All Commission, Committee, Board, and Authority meetings shall be conducted pursuant to the provisions of the Ralph M. Brown Act and the City Clerk shall maintain a copy of all agendas and minutes of all meetings.

BUILDING APPEALS BOARD

PURPOSE

To determine the suitability of alternate materials and methods of construction and to provide reasonable interpretations of the Uniform Building Code, Uniform Mechanical Code, Uniform Plumbing Code, the Uniform Housing Code, Uniform Code for the Abatement of Dangerous Buildings, National Electric Code, and the Seismic Hazards Reduction Ordinance.

MEMBERSHIP

5 Members Total

Selected from the following classifications:

- a. **Architect or Engineer**
- b. **Attorney**
- c. **Contractor – Electrical, Mechanical, Plumbing or General**

LENGTH OF TERM/FREQUENCY OF MEETINGS

4 Year Term / Meetings are scheduled as needed as appeals are received.

No member may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

SELECTION PROCESS

- **The City Clerk causes a request for volunteers to be posted**
- **Using the criteria for membership, the Building Official determines if applicants are qualified and passes all qualified candidates to the City Clerk**
- **Each member of the City Council shall submit their nomination from the list of qualified candidates to the City Clerk for consideration at a Council meeting**

CODE REFERENCES

**Resolution 4107
Resolution 2725
Ordinance 1882**

(effective July 27, 1992)

CITY COUNCIL ADVISORY COMMITTEE

PURPOSE

Review of any matters which may be referred to the Committee from time to time. If so directed, the City Council Advisory Committee will be responsible for performing an analysis and present recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meets quarterly, the first Wednesday of March, June, September and December

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Ordinance 1812, 10/8/2006
Ordinance 1428, Section 2, 6/20/88
Ordinance 1416, Section 1, 12/21/87
Ordinance 1563, Section 1, 10/26/72
Council Minutes 7/3/72

COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

PURPOSE

Annually review applications for Community Development Block Grant funds, conduct hearings to determine the most effective use of the grant funds and provide recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meetings held from January through April, with additional meetings on an as needed basis

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

- Council Minutes 3/14/89

LIBRARY BOARD

PURPOSE

The Upland Public Library serves the community by providing materials and staff assistance for meeting the informal and educational needs of the library users.

MEMBERSHIP

- 5 Citizens at Large**
- 1 Council Liaison (advisory)**
- 1 Friends of the Library Liaison (advisory)**

LENGTH OF TERMS/FREQUENCY OF MEETINGS

- **3 Year Term**
- **Meetings held the second Wednesday of the month**
- **No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council**

SELECTION PROCESS

Mayor shall appoint with Council ratification

CODE REFERENCES

UMC Section 2.28.010
California Library laws, Education Code 1990
Ordinance No. 99

PERSONNEL BOARD OF REVIEW

PURPOSE

The functions of the board shall be to hear appeals as provided by this part and by rule, except matters pertaining to the meet and confer process.

MEMBERSHIP

3 Members Total
1 Alternate Member

LENGTH OF TERM/FREQUENCY OF MEETINGS

- **4 Year Term**
- **No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council**
- **On call by the Human Resources Manager**

SELECTION PROCESS

- **1 member - Council appointment shall be made by the Mayor, with Council ratification**
- **1 member - Employee Associations submits name(s) and Council selects appointment**
- **1 member agreed upon by Council and Employee Associations**
- **1 alternate member agreed upon by Council and Employee Associations**

CODE REFERENCE

UMC Section 2.36.160
Ordinance 1566
Ordinance 1494
Minute Action 5/31/1945

PLANNING COMMISSION

PURPOSE

The powers and duties of the Planning Commission shall be to:

1. Prepare, periodically review, and revise, as necessary the General Plan
2. Annually review the Capital Improvement Program of the City and the local public works projects of other local agencies for their consistency with the General Plan
3. Perform other functions as the City Council provides
4. Perform such other land use-related functions pursuant to State laws pertaining to conservation, planning, and zoning as the council may direct or provide
5. Serve as the Airport Land Use Committee, applying the procedures and findings set forth in the Municipal Code in regards to all processes relating to a request for an Implementation/land use compatibility decision, preparation, adoption and amendment to the Comprehensive Airport Land Use Plan of the City of Upland conforming to requirements set forth in Public Utilities Section 21670.1
6. Serve as the Historic Preservation Committee as outlined in the Upland Municipal Code

MEMBERSHIP

7 Members Total

Airport Land Use Committee consists of:
7 Planning Commissioners
2 ALUC members (possess expertise in aviation)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Once a month, 4th Wednesday
- Commissioners receive \$100 compensation per meeting (not to exceed \$200 per month)

SELECTION PROCESS

- The City Clerk causes a request for volunteers to be posted
- Mayor (or Mayor designee), Mayor Pro Tem (or Mayor designee), Planning Commission Chair (or designee selected by Planning Commission), and Development Services Director (advisory) shall serve as an interview panel and interview each applicant
- Interview panel shall recommend at least one candidate per opening to the Mayor for ratification by the Council
- Airport Land Use Commissioners - Mayor shall appoint with Council ratification

CODE REFERENCE

UMC Chapter 17.43.030
Resolution 6397
Resolution 6270
Resolution 4697
Ordinance 1202
Ordinance 415

STREET TREE ADVISORY COMMITTEE

PURPOSE

This Committee shall study and review the proposed Urban Forestry Management Plan and make appropriate recommendation to Council and staff regarding the matters contained therein; to provide an avenue for citizens to appeal special circumstantial tree problems (i.e., tree removals, street tree designations, spraying for fruit insects); and to review tree removal and other policies.

MEMBERSHIP

5 Members Total
Selected from 5 Citizens at Large

LENGTH OF TERM

- 4 year terms
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

MEETINGS

Meets the 2nd Thursday of , January, March, May, July, September and November

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Resolution 5786
Resolution 5201
Resolution 4462

TRAFFIC SAFETY ADVISORY COMMITTEE

PURPOSE

To advise Council and staff of community concerns regarding issues of traffic safety and to recommend solutions to those concerns.

MEMBERSHIP

10 Members Total

5 Citizens at Large (one nominated by each Councilmember)
1 Upland Unified School District

1 Chamber of Commerce Representative

Non Voting Liaison members:

1 Upland Police Department Liaison

1 Engineering Department Liaison

1 Upland School District Representative

LENGTH OF TERM/FREQUENCY OF MEETINGS

- **4 Year Term (except Police and Engineering Liaisons)**
- **No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council**

Meets quarterly the first Wednesday of February, May, August and November, 8:30 a.m. at the Police Department

SELECTION PROCESS

Citizens at Large - Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Resolution 6147

Upland Council Minutes, 11/6/78

Upland Council Minutes, 10/6/64

ECONOMIC DEVELOPMENT COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in economic development operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the first Monday of March, June, September, and December

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 6397
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

POLICE & FIRE COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in public safety operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the 4th Monday of March, June, September, and December

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

PUBLIC WORKS COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in Public Works operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the 2nd Tuesday of January, April, July, and October

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010

Resolution No. 5290

Upland City Council Minutes, 12/01/2001

FINANCE COMMITTEE

PURPOSE

The Committee shall be responsible for reviewing matters pertaining to the finances of the City. This may include reviewing warrants and registers, financial statements, investment reports, the City's annual independent audit, City fees and service charges, and operating budgets

MEMBERSHIP

2 City Council Members
Finance Officer (staff)
City Treasurer (review of quarterly investment reports)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor with the exception of the Finance Officer
- Meets quarterly, the 4th Wednesday of January, April, July, and October

SELECTION PROCESS

The City Treasurer is an established elected position and shall review and provide input on the quarterly investment reports. All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 6397
Resolution No. 6394 (Investment Policy)

SECTION 2

**CITY OF SAN BERNARDINO HOMELESSNESS
2019-2020**



City of
San Bernardino

Office of the City Manager | Robert D. Field, City Manager

March 22, 2021

FILED
COUNTY OF SAN BERNARDINO
GRAND JURY

MAR 23 2021 V.S.

Honorable Michael A. Sachs, Presiding Judge
Superior Court of San Bernardino County, Grand Jury
172 West Third Street, Second Floor
San Bernardino, California 92415-0243

BY Valde
Valerie Silvas, DEPUTY

RE: Response to 2019-2020 Civil Grand Jury Report

Honorable Judge Sachs:

The City's Housing Division has completed its response to 2019-2020 Civil Grand Jury Report; beginning of page 78 of the Grand Jury Report entitled "City of San Bernardino Homelessness". Thank you for the extension granted the City in order to complete the response.

If you have any questions or concerns regarding the response, please contact me directly.

Sincerely,

Rebekah Kramer
Assistant City Manager

Cc: Michael Dauber, DDA, Grand Jury Legal Advisor (by email)
Kristie Armistead, Administrative Services Supervisor (by email)
Valerie Silvas, Grand Jury Coordinator (by email)

<p>2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division</p>	<p>FINDING: 1 RECOMMENDATION: 20-17</p>
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Finding 1:

The staffing levels at the city of San Bernardino Housing Division are currently inadequate to meet all the duties and responsibilities that correlate with a growing homeless population.

Recommendation 20-17: *The Housing Division should submit a request for additional staffing to monitor and evaluate subrecipients, to facilitate the application and reporting requirements for additional homeless-related grants, and to be more pro-active with non-profits. This recommendation is to be implemented no later than the start of Fiscal Year 2021-22.*

Response: The City of San Bernardino AGREES and acknowledges the inadequacy of staffing levels in the Housing Division, as noted in finding 1. The Housing Division has already received approval in the City’s Mid-Year Budget, for additional staff. The Housing Division will recruit three additional staff positions, as noted below.

- Housing Compliance Specialist
- CDBG/Housing Program Assistant – 2 positions

<p>2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division</p>	<p>FINDING: 2 RECOMMENDATION: 20-18</p>
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Finding 2:

The City does not currently have a committee or any platform enabling the City’s homeless service providers to interact with one another.

Recommendation 20-18: *Establish a City Homeless Committee consisting of ESG Subrecipients, faith-based organizations and interested residents to support City staff by coordinating services, sharing best practices, pooling resources and identifying other needed services. The Committee shall meet quarterly at a minimum; attendance and minutes shall be taken and filed with the Housing Division and made accessible to the public. The recommendation to be implemented no later the start of Fiscal Year 2021-22.*

Response: The City of San Bernardino DISAGREES with recommendation 20-18, relative to the establishment of a City Homeless Committee. Recognizing that the Housing Division has been chronically understaffed, the Housing Division has a considerable backlog of work and clean up that must be undertaken for the near future, even with additional staff. It is staff’s experience that committees do not support staff, but conversely it is staff that must dedicate time and work to support a committee: coordinating diverse schedules to setup meetings, transcribing minutes, and

becoming arbiter of issues among committee members who often have competing agendas. When subrecipients work in the same geographic areas, e.g. downtown outreach, staff does facilitate collaboration between subrecipients and ensures they have all of the resources Housing Division can make available. Establishment and responsibility for a committee would be burdensome and duplicative since there already are numerous regional platforms for the City and subrecipients to interact.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 3 RECOMMENDATION: 20-19
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Finding 3:

The City has not conducted the required site-monitoring visit for each of the five 2019-20 ESG Subrecipients as outlined in the City's Technical Workshop for ESG Subrecipients.

Recommendation 20-19: The City should conduct an annual fiscal monitoring site visit for each ESG Subrecipient. The date, time, and participants shall be recorded on a form to be developed the City. Additionally, the City shall document their observations, recommendations, and commendations. One copy shall be given to the subrecipient and one kept on file in the Housing Division's files and made accessible to the public. This recommendation to begin with Fiscal Year 2021-22 ESG performance period.

Response: The City of San Bernardino DISAGREES with recommendation 20-19, relative to the monitoring of the 2019-20 ESG subrecipients. In September 2019, HUD found that the City's Emergency Solutions Grant Policies and Procedures complied with HUD regulations. Pursuant to 24 CFR Part 576, the City will monitor subrecipients's program administration once every three years or sooner if circumstances dictate a more frequent review. Additionally, as part of the monthly claim reimbursement process, a desk audit is conducted on each claim prior to approval for payment. Site monitoring for fiscal year 2019-20 subrecipients is due to be accomplished in fiscal year 2022-23.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 4 RECOMMENDATION: 20-20
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Finding 4:

The City's Economic and Housing Development Emergency Solutions Grant Policies and Procedures Manual does not reflect the actual practice of an annual review by the City with respect to site monitoring.

Recommendation 20-20: The City Housing Division should conduct an annual evaluation of each subrecipient Scope of Work beginning with the Fiscal Year 2021-2022 ESG performance period. The City shall develop a written instrument to be used for this purpose. This document will compare the numbers promised by the subrecipient with the actual numbers delivered during the performance period. Once copy shall be given to the subrecipient and one kept on file in the Housing Division and made accessible to the public. This recommendation to begin with Fiscal Year 2021-22 ESG performance period.

Response: The City of San Bernardino AGREES with recommendation 20-20 and staff will prepare a format for evaluation of a subrecipient's performance relative to their scope of work.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 5 RECOMMENDATION: 20-21
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Finding 5:

The City does not formally evaluate the accomplishments of the Subrecipient's Scope of Work.

Recommendation 20-21: The City Housing Division should amend the ESG Policies and Procedures Manual to reflect that an annual fiscal monitoring site visit will occur beginning with the Fiscal Year 2021-22 ESG performance period. The manual must be revised to reflect the City's current intent. This recommendation to be implemented immediately.

Response: The City of San Bernardino DISAGREES with recommendation 20-21. In September 2019, HUD determined that the City of San Bernardino's Emergency Solutions Grant Policies and Procedures complied with HUD regulations. Because HUD funds and monitors the ESG program, the City will follow HUD requirements as specified in the City's HUD-approved Policies and Procedures, and consequently will not amend its Policies and Procedures to address the recommendation.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 6 RECOMMENDATION: 20-22
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Finding 6:

The ESG Policies and Procedures manual states that the Subrecipient program will be monitored once every three years.

Recommendation 20-22: In coordination with the City Homelessness Committee, develop a comprehensive City of San Bernardino Homelessness Plan that includes a coordinated vision, services, provided, identification of needed services, a resource list of available facilities/equipment, and a revision timeline to ensure the plan is maintained and current. As suggested by various social service organizations, a comprehensive Homeless Plan should serve to: Prevent periods of homelessness; Help eligible individuals and families receive the services they need; Empower service providers to improve their response to individuals and families experiencing homelessness; Develop an approach to track progress to preventing, reducing, and ending homelessness in the City. This recommendation to begin at the start of Fiscal Year 2021-2022.

Response: The City of San Bernardino DISAGREES with recommendation 20-22. It is not within staff's prerogative to commit to the development of a Homeless Plan without first taking such a recommendation to City Council for approval and designation of financial and staff resources. The recommendation will be moved to management who can determine if the recommendation should be moved forward to City Council.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 7 RECOMMENDATION: 20-22
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Finding 7:

The City does not currently have a comprehensive Homelessness Plan.

Recommendation 20-22: In coordination with the City Homelessness Committee, develop a comprehensive City of San Bernardino Homelessness Plan that includes a coordinated vision, services, provided, identification of needed services, a resource list of available facilities/equipment, and a revision timeline to ensure the plan is maintained and current. As suggested by various social service organization, a comprehensive Homeless Plan should serve to: Prevent periods of homelessness; help eligible individuals and families receive the services they need; Empower service providers to improve their response to individuals and families experiencing homelessness; develop an approach to track progress to preventing, reducing and

ending homelessness in the City. This recommendation to begin at the start of Fiscal Year 2021-2022.

Response: The City of San Bernardino DISAGREES with recommendation 20-22. It is not within staff's prerogative to commit to the development of a Homeless Plan without first taking such a recommendation to City Council for approval and designation of financial and staff resources. The recommendation will be moved to management who can determine if the recommendation should be moved forward to City Council.

2019-20 GRAND JURY REPORT RESPONSE CITY OF SAN BERNARDINO HOMELESSNESS DEPARTMENT: Community & Economic Development - Housing Division	FINDING: 8 RECOMMENDATION: 20-23
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Finding 8:

United Way/211 serves as the Coordinated Entry System for the City of San Bernardino.

Recommendation 20-23: As a member of the Continuum of Care, the City Housing Division should spearhead an effort to improve the services of United Way/211 in accordance with the recommendations referenced in the San Bernardino Continuum of Care Coordinated Entry Evaluation completed by the Technical Assistance Collaboration in February 2020. The City Housing Division will meet with each subrecipient and record a list of problems they are having with the CES/211 System. The City Housing Division will document the steps taken to address these problems and share these with the subrecipients. This recommendation to begin immediately.

Response: The City of San Bernardino DISAGREES with recommendation 20-23. The appropriate agency to address problems with the CES/211 System is the County of San Bernardino, who contracts with CES/211. As the funding agency and administrator of the contract, the County, and not the City of San Bernardino, is the appropriate agency to carry out recommendation 20-23 since it has the authority to effect changes at CES/211.

SECTION 3

**SAN BERNARDINO COUNTY
BOARD OF SUPERVISORS**



FILED
COUNTY OF SAN BERNARDINO
GRAND JURY

MAR 17 2021 v.s.

BY Valeri
Valerie Silvas DEPUTY

Board of Supervisors Response to the 2019-20 San Bernardino County Grand Jury Final Report

Adopted by the Board of Supervisors, March 9, 2021

(NOTE: The original verbatim text from the 2018-19 Grand Jury Final Report is in *plain italic type*. The responses from the Board of Supervisors on the County's behalf are in **bold non-italic type**.)

COUNTY ECONOMIC DEVELOPMENT DEPARTMENT

FINDINGS

F1: No comprehensive, Departmental Strategic Plan has been developed or implemented. Department Staff regularly reference the 2017 consultant-provided work product as guidance for County Economic Development efforts and decisions.

The County partially disagrees with this finding. The Countywide Competitiveness Strategy and Action Plan developed by the referenced consultant in 2017 along with a recently developed Economic Development Recovery Strategic Plan fulfill many of the functions of a comprehensive, departmental strategic plan. The department is committed to further refining and consolidating relevant components from the Countywide Competitiveness Strategy and Action Plan and assembling an overall updated short-term and long-term Departmental Strategic Plan as well as incorporating a Vision Statement and Core Values to its current Mission Statement.

F2: There are no documented policies nor step-by-step written procedures in place for consistent, equitable implementation of the Economic Development Ordinance incentive.

The County disagrees with this finding. The Economic Development Ordinance and a Project Summary Report Template utilized to guide the department's due-diligence process contain and constitute documented policies and step-by-step written procedures necessary to ensure consistent and equitable implementation of the Economic Development Ordinance incentive.

F3: The Economic Development Department relies almost exclusively upon the State of California as its source of revenue for incentives to attract, retain and expand businesses.

The County disagrees with this finding. Prior to July of 2019, the Economic Development Department was sustained financially based on a requirement that it bring in sufficient one-time sales tax revenue to the County to support its operations. To demonstrate the County's ongoing commitment to the Department and its mission, in 2019-20 the Board of Supervisor's allocated \$3.5 million in ongoing General Fund resources to the Department, which was no longer predicated on sales tax revenue brought in by the Department. Although the pandemic has led to a significant amount of financial uncertainty to the County resulting in hiring slowdowns, the funding change in 2019-20 provides the department with a secure source of funding to ensure it can fill vacant budgeted positions once the financial uncertainty from the pandemic subsides. Economic Development also collaborates with multiple federal, State, utility, and local partners to compile a comprehensive offering of incentives to attract and retain businesses in the county.

F4: The Economic Development Department is currently operating at only 66% of its funded staff positions.

The County disagrees with this finding. At the end of December 2020, Economic Development operated at 75% of its funded positions (nine of 12 positions). Economic Development is projected to operate at 91% by June of 2021 (11 of 12 positions). Economic Development expects to fill the remaining position during the 2021-22 fiscal year.

RECOMMENDATIONS

20-24: By June 1, 2021, the Economic Development Department should create and complete the first of a regular, annual cycle of 'Economic Impact Surveys' to be sent to local and potential businesses, in order to determine and document their current program or incentive needs regarding the retention, attraction or expansion of businesses throughout the county.

This recommendation is in practice. Economic Development collaborates with the Workforce Development Department and local community partners to obtain information on current business needs and challenges via business surveys. Additionally, Economic Development surveys the business community to capture additional insights to assess current programs and to align resources appropriately. These surveys occur on a regular basis multiple times a year.

20-25: By June 1, 2021, in order to maximize both the number of survey responses (Recommendation 20-24) and the quality of response data obtained, the Economic Development Department should follow-up each 'Economic Impact Survey' sent with an interview in order to collect the business's Survey responses. The Economic Development Department should utilize these on-going interactions to continually maintain their internal database, and to update their comprehensive, Departmental Strategic Plan (Recommendation 20-26).

This recommendation is in practice. Based on the business survey results received internally and from other business partners, the department has been able to activate and build relevant business programs and webinars to address the needs of the business community. Additionally, Economic Development has established solid working relationships with many businesses involving contact with the department on a regular basis to assist with their business needs. The department also captures inquiries and leads from business and community partners, resulting in the department providing other value-added services as appropriate. These activities are tracked and captured in Economic Development's Customer Relationship Management (CRM) database and is part of the department's Mission and Performance Measures.

20-26: By January 1, 2022, the Economic Development Department should build upon the foundation left by the consultants in 2017 and construct and populate a comprehensive, overall 5- or 10-year Departmental Strategic Plan. This comprehensive Strategic Plan would include centralized tracking of all actions planned or taken, dates, timelines for meeting specific goals, and personnel assignments for each recommendation being addressed. Once in place, the comprehensive Departmental Strategic Plan will serve as the singular 'measuring stick' against which to objectively determine this organization's levels of success, productivity, efficiency and achievement of goals. The Department should incorporate all direct business feedback obtained from 'Economic Impact Survey' follow-up interviews (Recommendation 20-25) to continually update the comprehensive Strategic Plan to match current County business conditions. The Department's comprehensive Strategic Plan should include these elements:

- *Mission Statement and Vision Statement to frame the context of the document.*

- *A Core Values Statement (the “musts” and “must nots” of the organization— those vital principles that will guide both leaders and employees in both their day-to-day and long-range decision-making).*
- *Strengths, Weaknesses, Opportunities and Threats (SWOT) Analyses.*
- *Short-Term and Long-Term Goals - Goals should be Specific, Measurable, Achievable, Realistic and Time-based (SMART). Each goal should include an in-depth description of why it’s important, as well as the detailed steps needed to achieve those goals and the people assigned to carry them out. The comprehensive Departmental Strategic Plan should document the resources needed to meet those goals, the timelines needed to achieve them, relative priority rankings, and details on how the progress of each goal or objective will be measured.*
- *Action Plans – Provide an overview of the specific actions employees will take to achieve the stated Short-Term and Long-Term Goals.*
- *Identification of the specific individuals and/or offices responsible for each strategy. For those responsible individuals identified for a given strategy, tie Performance Reviews directly to measured progress and accomplishment of assigned Strategic Plan milestone targets.*
- *Documentation regarding how often the Plan will be checked and updated (monthly, quarterly, annually, etc.), as well as the list of people responsible for reviewing and updating the comprehensive, Departmental Strategic Plan and communicating any Plan changes with the entire group.*

This recommendation is being implemented. The department is committed to further refining and consolidating relevant components from the Countywide Competitiveness Strategy conducted by the consultant and assembling an overall updated short-term and long-term Departmental Strategic Plan along with incorporating a Vision Statement and Core Values to its current Mission Statement. The department will also update any necessary analysis pertaining to its current SWOT analyses, short and long-term goals, action plans as well as documenting specific individuals/positions that will be accountable for each strategy. The interim Economic Development Director and interim Economic Development Manager will review and assess the Strategic Plan on an annual basis with staff input.

Currently, the department conducts multiple Work Performance Evaluations (WPEs) on a regular basis with each staff member to ensure department initiatives and objectives are met. The Department also tracks staff activities and projects in its CRM to ensure Performance Measure objectives are met accordingly. The Department also produces an annual report showcasing its accomplishments, Performance Measures and activities that corresponds with its Mission and objectives.

20-27: Effective immediately, the Economic Development Department should suspend all use of the Economic Development Ordinance incentive until formal, step-by-step operating procedures are published for the standardized application and implementation of the Ordinance incentive, to include:

- *Established, documented and publicized minimum ‘Significant Economic Benefit’ definitions and thresholds (number of jobs, total value of company assets, etc.) which companies must meet in order to receive consideration as candidates.*
- *Documented, standardized decision criteria for all process steps.*
- *Documented, standardized Due Diligence process/data requirements and formats.*
- *A Standard Checklist of data which Economic Development Ordinance candidates must produce and submit for consideration.*
- *Publicize the Economic Development Ordinance local incentive on the Economic Development Department’s website, providing businesses with both awareness of and equal access to this available opportunity (Recommendation 20-7).*

This recommendation will not be implemented because the Economic Development Ordinance and a Project Summary Report Template utilized to guide the department's due-diligence process contain and constitute step-by-step operating procedures for the standardized application and implementation of the ordinance incentive.

20-28: The Economic Development Department should identify new sources of outside revenue to replace those funds formerly provided through Redevelopment Agencies. By June 1, 2021, find and pursue additional Federal-level and State-level economic relief projects, grants and applications to bring available economic development opportunity dollars into the region to fund incentives.

This recommendation is in practice. Prior to July of 2019, the Economic Development Department was sustained financially based on a requirement that it bring in sufficient one-time sales tax revenue to the County to support its operations. To demonstrate the County's ongoing commitment to the Department and its mission, in 2019-20 the Board of Supervisor's allocated \$3.5 million in ongoing General Fund resources to the Department, which was no longer predicated on sales tax revenue brought in by the Department. Although the pandemic has led to a significant amount of financial uncertainty to the County resulting in hiring slowdowns, the funding change in 2019-20 provides the department with a secure source of funding to ensure it can fill vacant budgeted positions once the financial uncertainty from the pandemic subsides. Also, the department is exploring potential outside revenue sources (e.g. opportunities through the U.S. Economic Development Administration) to develop additional business assistance programs.

20-29: By January 1, 2022, the Economic Development Department should develop and implement multiple new, locally-funded incentives to attract, retain and expand local business in San Bernardino County. For example, adopting a more proactive approach to selling unincorporated county land—yielding more land sales—could become a viable source of additional revenue for local incentives.

This recommendation is in practice. Economic Development has taken the proactive approach of offering a sales and use tax sharing agreement to attract and retain businesses that have a significant point-of-sale or sales tax liability in the unincorporated areas of the county. The department will continue to work with the County's Real Estate Services Department, which manages County-owned and -leased properties, to attract new investments and facilitate potential opportunities.

20-30: By April 1, 2022, publicize all existing and newly-developed local business incentives on the Economic Development Department's website, providing businesses with both awareness of and equal access to available opportunities.

This recommendation is in practice. The Department has all known and available business programs and incentives available on its website and will continue to update as new programs are available internally and from external partners.

20-31: By June 1, 2021, fill all budgeted Economic Development Department staff vacancies in order to support current department workloads, as well as timely and successful implementation of the 36 consultant-provided Recommendations established as part of the comprehensive, Departmental Strategic Plan (Recommendation 20-26). Consider utilizing the same successful tactics currently being employed by the County's Workforce Development Department to fill staffing vacancies for local businesses. Hire Headhunter agencies or professional search agencies for assistance as needed.

This recommendation is being implemented. Permanent/regular positions are in the process of being filled no later than the end of the current fiscal year. The department has undertaken several of the recommendations contained in the current Strategic Plan and will continue to assess and implement recommendations as appropriate as well as assemble an updated comprehensive Strategic Plan.

THE TREATMENT OF JUVENILES IN THE DETENTION AND ASSESSMENT CENTERS

FINDINGS

F1: Training for Chemical Agents and Tactical Communication (eight hours) are required for PCOs.

The County agrees with this finding. Eight hours is the minimum amount of training that is required. However, Probation Corrections Officers (PCOs) receive additional training initially and annually throughout their employment in de-escalation (Tactical Communications) and all use-of-force, including chemical agents.

F2: All MK-9 Magnum (Fogger) canisters are issued and accounted for by the Area Supervisor, as required.

The County agrees with this finding.

F3: Guidelines are in place for the spraying of OC/PS and the decontamination process.

The County agrees with this finding.

F4: An Incident Report Form and videotape are filed for each incident of OC/PS usage.

The County agrees with this finding.

F5: There are currently no written instructions to identify youth with known medical conditions.

The County disagrees with this finding. The San Bernardino County Probation Department has a written procedure in place for staff to review daily those youth on a unit with medical conditions.

F6: Clinical Therapists are assigned to the Forensic Adolescent Services Team (FAST).

The County agrees with this finding.

F7: Intake questions are required to be conducted in a respectful and humane manner.

The County agrees with this finding.

F8: Moral Reconation Therapy (MRT) and Cognitive Behavioral Therapy (CBT) are additional programs available to the youth.

The County agrees with this finding.

F9: The Massachusetts Youth Screening Instrument 2 (MAYSI-2) is administered at intake.

The County agrees with this finding.

F10: Psychiatrists can prescribe medication for a youth with behavioral/mental health issues.

The County agrees with this finding.

F11: Minimum of 40 hours of youth supervision training is required of the PCOs.

The County agrees with this finding.

F12: Behavior dollar prices for canteen items are out of proportion compared to maximum available behavior dollars to earn.

The County agrees with this finding.

F13: The inconsistencies among PCOs in regards to the determination of who earns dollars are addressed during weekly staff meetings.

The County disagrees with this finding. This issue is not addressed in weekly staff meetings. There are written guidelines as part of the department's Performance Based Incentive System (PBIS). An issue involving behavior dollars was raised at one of the youth council meetings, the minutes for which were reviewed by the grand jury. The issue was limited in scope and found not to be a widespread issue or concern. However, in the event that a youth believes there is an issue with their behavior dollars, they are able to file a grievance and it will be reviewed and discussed with staff for resolution.

F14: Locations of hand sanitizer stations were sparse.

The County disagrees with this finding. There are 80 hand-sanitizer stations throughout the detention facility. Hand sanitizer contains alcohol and cannot be placed within the unsupervised reach of youth.

F15: Video visiting has been implemented on a temporary basis by the Department of Juvenile Justice.

The County disagrees with this finding. Video visiting was implemented by Probation prior to the current pandemic and its use was expanded in response to the pandemic. The Probation Department intends to continue the use of video visitation as a supplement to in-person visits.

F16: FAST personnel are only available on the premises during the hours of 7:00 AM through 7:00 PM.

The County agrees with this finding.

RECOMMENDATIONS

20-32: Implement Chemical Agents and Tactical Communication training for sixteen hours (eight hours devoted to Chemical Agents training) to be conducted and completed concurrently during scheduled training sessions, to be implemented by June 30, 2021.

This recommendation is in practice. Forty hours is the minimum number of hours required by the State of California before someone can provide supervision of a youth in detention. San Bernardino County Probation requires that staff complete Juvenile CORE training, which consists of a total of 212 hours. All topics listed by the grand jury are covered during these 212 hours of initial training. In addition, after employment, the State of California requires 24 hours of training annually. However, the San Bernardino County Probation Department requires 48 hours annually.

20-33: Color-coded wrist bands should be issued to youth with identified underlying health issues, as a visual aid to PCOs prior to OC/PS use, to be implemented by June 30, 2021.

This recommendation will not be implemented. The San Bernardino County Probation Department has a written procedure in place for staff to review daily those youth on a unit with medical conditions. Colored wristbands would allow people other than staff (including other youth) to identify someone as having a medical condition. This would likely constitute a violation of the federal Health Insurance Portability and Accountability Act (HIPAA).

20-34: Increase on-site psychiatrist staff to 24/7 coverage, to be implemented by June 30, 2021.

This recommendation will not be implemented. The youth in detention are asleep from approximately 9:00 p.m. to 6:00 a.m. Probation has an on-call process established for psychiatric coverage in the event of an after-hours crisis. During the course of the past year, activation of this on-call process became necessary on six occasions and was proven to be effective.

20-35: FAST staff personnel should be available on-site 24/7, to be implemented by June 30, 2021.

This recommendation will not be implemented. The youth in detention are asleep from approximately 9:00 p.m. to 6:00 a.m. Probation has an on-call process established for psychiatric coverage in the event of an after-hours crisis. During the course of the past year, activation of this on-call process became necessary on six occasions and was proven to be effective.

20-36: Minimum training for PCOs should be increased to 80 hours (24 hours devoted to behavioral/ mental health), to be implemented semi-annually, beginning July 1, 2021.

This recommendation is in practice. Forty hours is the minimum number of hours required by the State of California before someone can provide supervision of a youth in detention. San Bernardino County Probation requires that staff complete Juvenile CORE training, which consists of a total of 212 hours. All topics listed by the grand jury are covered during these 212 hours of initial training. In addition, after employment, the State of California requires 24 hours of training annually. However, the San Bernardino County Probation Department requires 48 hours annually.

20-37: All canteen item costs should be priced in proportion, not to exceed 3% of the maximum dollar earning potential, to be implemented by June 30, 2021.

This recommendation will be implemented by June 30, 2021. San Bernardino County Probation will review the cost of the canteen items in relation to the maximum dollar earning potential and make reductions as necessary. However, the reduced cost may not meet the stated 3% of the maximum dollar earning potential as recommended by the grand jury.

20-38: Implement a checklist with parameters of what are acceptable actions to earn behavior dollars in order for all PCOs to be consistent in their evaluation of when and how dollars are earned, to be implemented by June 30, 2021.

This recommendation will not be implemented. There are written guidelines as part of the department's Performance Based Incentive System (PBIS). An issue involving behavior dollars was raised at one of the youth council meetings, the minutes for which were reviewed by the grand jury. The issue was limited in scope and found not to be a widespread issue or concern. However, in the event that a youth believes there is an issue with their behavior dollars, they are able to file a grievance and it will be reviewed and discussed with staff for resolution.

20-39: Video visiting should be permanently implemented by January 31, 2021.

This recommendation is in practice.

20-40: Additional hand sanitizer stations should be located at closer intervals throughout the facility, and bottles should be replenished twice daily, to be implemented by January 31, 2021.

This recommendation will not be implemented. There are 80 hand-sanitizer stations throughout the detention facility. Hand sanitizer contains alcohol and cannot be placed within the unsupervised reach of youth.

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

March 9, 2021

FROM

LEONARD X. HERNANDEZ, Chief Executive Officer, County Administrative Office

SUBJECT

2019-20 Grand Jury Final Report – Proposed Response

RECOMMENDATION

Approve the Proposed Response to the 2019-20 Grand Jury Final Report and direct publication and filing with the Presiding Judge of the Superior Court, the Clerk of the Board of Supervisors, and the County Clerk.

(Presenter: David Wert, Public Information Officer, 387-4842)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this recommendation will not result in the use of additional Discretionary General Funding (Net County Cost).

BACKGROUND INFORMATION

California Penal Code Section 933(c) requires the Board of Supervisors (Board) to formally adopt and file with the Presiding Judge of the Superior Court a response to the findings and recommendations contained in the Grand Jury's Final Report on matters under the Board's purview no later than 90 days after the Final Report is submitted. The 2019-20 Grand Jury submitted its Final Report on December 18, 2020, giving the Board through March 19, 2021 to adopt and file its response.

The 2019-20 Grand Jury Final Report contains two sections that contain findings and recommendations on matters under the Board's purview: "County Economic Development Department" and "The Treatment of Juveniles in the Detention and Assessment Centers." The Proposed Response addresses the pertinent findings and recommendations in compliance with PC 933(c).

PROCUREMENT

N/A

**2019-20 Grand Jury Final Report - Proposed Response
March 9, 2021**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Michelle Blakemore, County Counsel, 387-5455) on February 25, 2021; Finance (Stephenie Shea, Administrative Analyst, 387-4919) on February 25, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on February 25, 2021.

2019-20 Grand Jury Final Report - Proposed Response
March 9, 2021

Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Dawn Rowe
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 9, 2021



cc: Superior Court - Presiding Judge w/ response
County Clerk w/ response
File - 2019-20 Grand Jury Final Report

JLL 03/11/2021

