

**CANYON LAKES
GEOLOGIC HAZARD ABATEMENT DISTRICT**

TO: Canyon Lakes GHAD
Board of Directors

FROM: GHAD Manager, Michael Sands of Sands Construction
Company, LLC

BOARD MEETING DATE: June 16, 2020

SUBJECT: Canyon Lakes GHAD Resolution No. 2020/01 (Annual
budget) and Resolution No. 2020/02 (GHAD Treasurer)

RECOMMENDATION(S):

ADOPT Canyon Lakes GHAD Resolution No. 2020/01 approving the GHAD budget for 2020/2021 fiscal year and updating GHAD General Manager payment limit under Consulting Services Agreement.

ADOPT Canyon Lakes GHAD Resolution No. 2020/02 approving the change of GHAD Treasurer from Watermark Asset Management, Inc. to CLT Management, LLC (“CLT”) , in addition to a contract of services between CLT and Canyon Lakes GHAD.

FISCAL IMPACT:

The GHAD is funded 100% through assessments levied on properties within the GHAD.

The current GHAD Treasurer, Watermark Asset Management, Inc., charged the GHAD an annual fee of 0.25%, or 25 basis points, per year on the account balance of the GHAD. For services to be performed by the new GHAD Treasurer, investment manager and custodian, an annual fee is proposed of 0.25% or 25 basis points per year on the account balance of the GHAD.

BACKGROUND:

On June 4, 1985, the Contra Costa County Board of Supervisors adopted Resolution 85/289 approving the formation of the GHAD and appointed itself to serve as the GHAD Board of Directors.

Annual Budget (Resolution 2020/01). The GHAD Board adopts a budget for the GHAD operations each fiscal year. The GHAD Board is being requested to adopt the fiscal year budget for 2020/2021 as prepared by the GHAD General Manager which is attached to Resolution No. 2020/01. In addition, the GHAD Board is being requested to update the GHAD General Manager payment limits under the existing Consulting Services Agreement as required by that Agreement. The budget attached to Resolution No. 2020/01 identifies that limit at \$125,000.

Appointment of GHAD Treasurer (Resolution 2020/02). The GHAD Board is also being asked to approve a change in the designation of the GHAD Treasurer from Watermark Asset Management, Inc. to CLT. On May 19, 2009, with Resolution 2009/01, the GHAD Board of Directors appointed Watermark Asset Management as GHAD Treasurer. On December 6, 2018, Watermark Asset Management was acquired by CAPTRUST. Thereafter Watermark reorganized to allow it to continue to provide treasurer services to the GHAD until the time a new GHAD Treasurer was appointed.

GHAD General Manager has researched and interviewed several potential candidates to serve as the GHAD Treasurer. GHAD Manager has determined that CLT is the most experienced and capable to perform treasurer functions for the GHAD. CLT's credentials and proposal for GHAD Treasurer services is attached as Exhibit 1 to this Staff Report. CLT will be responsible for retaining an investment manager(s) and custodian to assist in fulfilling GHAD Treasurer services.

A contract of services between CLT and GHAD is attached as Exhibit 2 to the staff report. Services include collecting, holding, investing, appropriating, and expending GHAD funds as necessary to carry out the operations of the GHAD in accordance with budgets approved by the GHAD Board.

If approved, the GHAD Treasurer will complete actions necessary to change treasurer functions from Watermark Asset Management to CLT.

CONSEQUENCE OF NEGATIVE ACTION:

The GHAD will not be able to continue operation starting July 1, 2020 if the budget is not approved.

If the Board does not approve the change in designation of the GHAD Treasurer from Watermark Asset Management, Inc. to CLT staff asks that the Board provide direction for identifying a treasurer as the GHAD is required by GHAD Law to have a treasurer.

Exhibit 1 – CLT Proposal for GHAD Treasurer Services

Exhibit 2 – Proposed Contract between CLT and GHAD for GHAD Treasurer Services

Proposal to Serve as Treasurer to
Listed Geologic Hazard Abatement Districts (GHAD)

Blackhawk GHAD

Canyon Lakes GHAD

Hillcrest Heights GHAD

California Tradewinds GHAD

CLT Management, LLC (CLT) seeks to provide services in collaboration with the General Manager, Sands Construction Company, Inc. to the following GHADs: Blackhawk, Canyon Lakes, Hillcrest Heights, and California Tradewinds within the jurisdiction of Contra Costa County.

Overview of Services

CLT is qualified and proposes to act as Treasurer for each GHAD. CLT intends to utilize a shared office in Pleasanton, CA and to contract with Municipal Accounting Services, LLC for certain administrative services.

CLT will undertake the duties as set forth in the CA Public Resources Code (Division 17 Sections 26500-26554) regarding GHAD operations and required of the Treasurer and will also assist the General Manager to include:

- collection of fees,
- distribution of funds, and
- preparation of monthly financial statements for each GHAD.

CLT will contract with its affiliate, Laffer Tengler Investments, Inc., (LTI) an investment advisor registered with the SEC, to provide services for the investment of GHAD reserves. See proposed summary of investment strategy below.

CLT's team is well-versed in the California Public Resources Code (Division 17, Sections 26500-26554) that governs the GHADs and is prepared to abide by the code and direction of the Board.

Upon acceptance of CLT to perform the duties of the listed GHADs, we will provide a comprehensive Investment Strategy Policy for Board approval and codification.

CLT Professional Team



Jon Curley

Chief Executive Officer, Chief Compliance Officer

Laffer Tengler Investments and CLT Management, LLC

Mr. Curley's long and successful career in the insurance and banking industry has included extensive experience as an industry consultant, senior executive for one of the nation's top 50 life insurance companies, trust division leader for one of the U.S.'s top five banks, as well as insurance distribution leader and insurance producer. He currently is CEO of CLT Management, LLC and Laffer Tengler Investments.



Nancy Tengler

Chief Investment Officer, Portfolio Manager

Laffer Tengler Investments

Ms. Tengler is the Chief Investment Officer for Laffer Tengler investments (LTI). As the senior member of our investment team, she manages three active equity strategies and is the head of the LTI Laffer Tengler Investments Investment Committee, she oversees all the strategies managed by the firm. Nancy is also a committed advocate of financial literacy. In addition to speaking to women around the country, she has also authored a book, "The Women's Guide to Successful Investing," and writes a twice monthly column in USA Today on general investing topics. Tengler is a regular contributor to CNBC, Bloomberg TV, CNN and Fox Business News.



Amber C. Haskett, Esq.

Owner, Municipal Accounting Services LLC

Ms. Haskett is a California attorney practicing in the area of Trust Administration, Probate and Estate Planning. In her 23 years of practice, she has gained substantial experience in fiduciary accounting by preparing, evaluating and litigating accounts prepared by Trustees, Executors, Conservators and other fiduciaries. Prior to establishing her own firm, Haskett was a founding partner of Garcia & Haskett, LLP and an associate and managing attorney at The Castleman Law Firm. She also practiced in areas of litigation and estate planning as an associate at Heller, Ehrman, White & McAuliffe in San Francisco.

Investment Strategy

CLT Management LLC will retain its affiliate, Laffer Tengler Investments, Inc.* (LTI) for the investment of the GHAD reserves. LTI is an investment advisor registered with the SEC and will provide custom investment strategies to match budget and disbursement projections per the General Manager.

The GHAD reserves are currently invested as follows (based on Q2 FY 19/20 statement) 81% in international and U.S. fixed income ETFs and mutual funds (which carry an additional fee), 12% in U.S. equity ETFs, 4% in international equity ETFs and 3% in cash.

LTI is proposing a portfolio that more closely follows the approach we implement with insurance reserves. That is, seek higher current income, and lower levels of volatility while not sacrificing total return opportunities. We do not believe equities or international securities are appropriate for GHAD reserves and will seek to hold total costs down by not be using ETFs or mutual funds. Laffer Tengler will manage the portfolio utilizing individual securities we select according to our time proven strategies.

Our recommendation is to balance the portfolio utilizing a series of intermediate bonds (often called a bond ladder) together with an allocation to our proprietary convertible securities strategy. Our purpose is to ensure liquidity, enhance income and generate reasonable levels of capital appreciation while maintaining significantly lower levels of risk when compared to equities.

Custody

Laffer Tengler Investments, Inc. would not hold custody of GHAD assets. Funds would be held in custody at Pershing Advisor Services, LLC, a division of BNY Mellon, NA. BNY Mellon and its affiliates are the largest provider of custody and administrative services in the world with over \$34 trillion in assets held in custody or administration.

Fee proposal

CLT proposes a charge of 25 basis points (0.25%) on GHAD assets, charged quarterly in arrears based on the balance of GHAD reserves on the last day of the quarter.

*Laffer Tengler Investments may refer to itself as a “registered investment adviser” or “RIA.” Registration with the SEC or a state securities authority does not imply a certain level of skill or training. More information about the qualifications and business practices of Laffer Tengler Investments can be obtained through the Investment Adviser Public Disclosure (IAPD) system by visiting their website at www.adviserinfo.sec.gov.

EXHIBIT 2

CONTRACT FOR PROFESSIONAL SERVICES

THIS CONTRACT FOR GHAD TREASURER SERVICES (this "Contract") is made and entered into this 16th day of June 2020, by and between the Canyon Lakes Geologic Hazard Abatement District, a political subdivision of the State of California, ("GHAD"), and CLT Management, LLC ("GHAD Treasurer") (individually, a "Party" and collectively the "Parties"), for professional services more particularly described herein.

The GHAD and GHAD Treasurer, for mutual consideration as defined herein, agree to the following terms, services and conditions.

1. **Contract Documents.** This Contract is comprised of the following documents: (i) this Contract for GHAD Treasurer Services, (ii) Addendum A to Contract for GHAD Treasurer Services attached hereto and incorporated herein by reference ("**Addendum A**").
2. **Term.** This Contract between the parties is effective as of the date of execution and shall remain in effect until terminated in accordance with the provisions set forth in Section 10 of this Contract.
3. **Services.** GHAD Treasurer will, in accordance with the terms of this Contract, perform professional services, which are described in Addendum A (the "**Services**").
4. **Fees.** The GHAD agrees to pay the GHAD Treasurer on a monthly basis for the Services pursuant to this Contract in the amount described in the Addendum A. The GHAD Treasurer will submit invoices to the GHAD Manager on an as-needed basis but no more frequently than once a calendar quarter.
5. **Expenses.** GHAD Treasurer shall be reimbursed by the GHAD for the actual cost of those reimbursable expenses incurred by GHAD Treasurer listed in Addendum A, if any.
6. **Laws, Rules and Regulations.** GHAD Treasurer shall perform the Services in accordance with all applicable local, state and federal laws and regulations.
7. **Indemnity.** GHAD Treasurer shall indemnify, defend, save and hold harmless GHAD, its directors, officers and employees and other related parties for any acts or omissions arising out of the performance of this Contract from and against any and all claims, damages, losses, liabilities and expenses.
8. **Insurance.** GHAD Treasurer shall purchase and maintain with an insurer or insurers acceptable to GHAD, a commercial general liability policy with a minimum of \$1 Million in coverage.
9. **Confidentiality.** Each Party shall maintain confidentiality of all such confidential information exchanged in connection with the performance of this Contract, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to applicable laws or regulations. This Section shall survive the termination of this Agreement for any reason.
10. **Contract Modification or Termination.** GHAD and GHAD Treasurer agree that the terms and conditions of this Contract shall constitute the entire agreement between the parties hereto as to the subject matter of this Contract, and shall supersede all prior and contemporaneous negotiations and agreements on that subject matter. GHAD and GHAD Treasurer may modify the terms of this Contract only by executing a written amendment which shall reference this Agreement and shall be executed by the parties hereto. This Contract shall be terminated in writing by either Party upon 30 days' notice to the other.

11. **Contract Administration.** The Parties acknowledge that the GHAD Manager will administer this Agreement on behalf of the GHAD Board of Directors.
12. **Counterparts.** This Contract may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. For convenience, the parties may exchange scanned copies of the signature pages to this Contract, which copies shall be binding as originals.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed the day and year first above written.

Canyon Lakes Geologic Hazard Abatement District:

CLT Management, LLC

By: _____
Name: Candace Andersen
Chair of the Canyon Lakes Geologic Hazard Abatement
District

By: _____
Name:

Dated: _____

Dated: _____

Address of GHAD Manager:

Address of CLT:

Sands Construction Company, LLC
Attn: Michael Sands
4125 Blackhawk Plaza Circle, Suite 175
Danville, CA 94506
925-964-0823

Email: michael.sands@canyonlakesghad.com

Addendum A

The GHAD Treasurer shall provide the following professional services:

The GHAD Treasurer is responsible for the general oversight of the GHAD's fiscal resources working in close collaboration and cooperation with the GHAD Manager. The role of the GHAD Treasurer includes providing accurate cash projections of the GHAD's revenues, the expeditious accounting of tax revenue collected by Contra Costa County, the control of disbursements and the cost-effective management of custodial relations.

The GHAD Treasurer has the authority to select a firm(s) or individual(s) to manage the GHAD investment accounts consistent with the provisions of the GHAD-adopted Statement of Investment Policy. Fees and costs associated with the GHAD investment management services are payable by the GHAD.

The GHAD Treasurer coordinates closely with the GHAD Manager on budget, cash flow and disbursements. The GHAD Treasurer has further authority to engage the services of one or more third party custodians ("Custodian") to provide safekeeping and custody of assets, and issuance of requested and approved disbursements of GHAD funds.

The GHAD Treasurer has the authority to disburse funds from GHAD accounts held by the Custodian with the written or electronic consent of the GHAD Manager. The GHAD Manager is responsible for authorizing disbursements (i.e., invoices) consistent with the GHAD budget approved by the GHAD Board of Directors. The GHAD Treasurer is responsible for reviewing, approving and authorizing disbursements submitted by the GHAD Manager. Such disbursements are, in turn, issued by a Custodian upon authorization by the GHAD Treasurer.

The GHAD Treasurer shall annually review the Statement of Investment Policy in conjunction with the GHAD Manager. The GHAD Treasurer and GHAD Manager have the authority to determine whether modifications to the Policy are necessary and, if so, to report such recommended modifications to the GHAD Board of Directors.

The GHAD Treasurer is responsible for providing the following reports:

A. Monthly

The GHAD Treasurer will coordinate with the Custodian(s) to provide a monthly institutional brokerage statement, and bank statements, with an investment and transaction summary to the GHAD Manager.

B. Quarterly

The GHAD Treasurer shall submit quarterly financial reports to the GHAD Manager and the GHAD Board.

The quarterly report shall highlight key aspects of information contained in the investment reports; a summary of investment activity for the GHAD, total account balance, balance by

position, quarterly performance summary of the investment portfolio and review of cash flow required to meet expenditures for the next six months.

C. Other

The GHAD Treasurer shall present to the GHAD Manager an annual report on the investment program and investment activity no later than 180 days following the end of the fiscal year. The annual report may include a performance summary, and following consultation with the investment manager, suggest policies and improvements that might enhance the investment program, and include an investment plan for the ensuing fiscal year. The GHAD Treasurer will provide additional data deemed necessary by the GHAD Manager to facilitate any additional accounting or reporting requirement.

The GHAD Treasurer shall maintain a list of financial institutions authorized to provide custodial services. Assets are held directly with the Custodian which provides independent verification of assets through monthly institutional account statements. The GHAD Treasurer is responsible for the coordination, review, and monitoring of GHAD cash disbursements. Through a dual control verification process, the GHAD Treasurer must verify disbursement requests from the GHAD Manager. GHAD Manager shall only submit check requests for vendors previously approved by the GHAD Manager and the GHAD Treasurer shall only cause to be processed checks from previously approved vendors. The GHAD Treasurer coordinates and verifies disbursements from the Custodian to the approved vendors.

The GHAD Treasurer shall attend up to 4 (four) GHAD Board meetings per year. Additional meeting attendance, if necessary, can be billed on a time and materials basis.

Fees: GHAD Treasurer shall be paid an annual fee of 0.25% of assets billed on a quarterly basis.

Reimbursable Expenses: GHAD Treasurer shall be reimbursed for expenses including mileage at the then standard mileage rate published by the Internal Revenue Service.

**THE BOARD OF DIRECTORS OF CANYON LAKES
GEOLOGIC HAZARD ABATEMENT DISTRICT**

Adopted this Resolution on June 16, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RESOLUTION NO. 2020/01 (CANYON LAKES GHAD)

SUBJECT: Adopting 2020/2021 annual budget and updating GHAD General Manager payment limits under the existing consulting services agreement.

WHEREAS, on June 4, 1985, the Contra Costa County Board of Supervisors adopted Resolution 85/289 approving the formation of the Canyon Lakes Geologic Hazard Abatement District (GHAD) and appointed itself to serve as the GHAD Board of Directors.

WHEREAS, the GHAD Board of Directors desires to adopt the budget for the fiscal year 2020/2021 prepared by the GHAD General Manager, Sands Construction Company, Inc., attached hereto as Exhibit A.

WHEREAS, on March 15, 2011, pursuant to Resolution No. 2011/04, the GHAD Board approved the consultant services agreement with Sands Construction Company, Inc. to act as General Manager for the GHAD. This agreement, in section 3, requires the GHAD Board to determine by resolution each fiscal year the payment limits for GHAD General Manager services. The budget attached in Exhibit A identifies this limit at \$125,000.

The Board of Directors of the GHAD HEREBY RESOLVES THAT:

1. The GHAD Board approves the GHAD budget for the 2020/2021 fiscal year of \$699,900 attached as Exhibit A and incorporated herein by this reference.
2. The GHAD Board adopts the payment limit for the GHAD General Manager services at \$125,000 for fiscal year 2020/2021 as set forth in Exhibit A and incorporates this payment limit into the consulting services agreement.

3. The recitals are incorporated herein by this reference.

This Resolution shall become effective immediately upon its passage and adoption.

Approved as to form:

Patricia Curtin
GHAD Attorney

Exhibit A – 2020/2021 Annual Budget



Program Budget
FISCAL YEAR 2020-2021

APRIL 2020



CANYON LAKES
GEOLOGIC HAZARD ABATEMENT DISTRICT

May 7, 2020

Canyon Lakes GHAD Board of Directors
c/o Supervisor Candace Andersen
309 Diablo Road
Danville, California 94526

**SUBJECT: Program Budget for Fiscal Year 2020-2021
Canyon Lakes Geologic Hazard Abatement District**

Dear Board of Directors:

Attached please find the proposed program budget for the Canyon Lakes Geologic Hazard Abatement District (Canyon Lakes GHAD or GHAD) for fiscal year 2020/2021. The proposed fiscal year budget totals \$669,000, which projects a \$56,800 surplus. At the time of this publication, it is expected that the fund balance on June 30, 2020 will be approximately \$4,139,000. A fund balance of \$4,195,800 is projected for June 30, 2021.

There are four major budget categories, their respective budget expenses breakdown as follows:

Major Repair	19 percent
Preventive Maintenance and Operations	32 percent
Special Projects	14 percent
Administration	35 percent

As a percentage of the annual budget, the Major Projects Program will utilize a smaller portion of the budget and is projected to contribute to the reserve fund. The heavy rains from the 2016/2017 fiscal-year produced multiple landslides with damage estimates totaling over \$800,000. Through a process of assigning and prioritizing risk, GHAD management was able to conduct repairs over a two-year period, while simultaneously contracting or temporarily suspending other discretionary program work and studies during this term. This allowed sufficient time and finances to replenish the reserves without enduring additional risk or exposure for new events that may follow.

All of the urgent repairs have been completed and site-stabilization has been accomplished with all of the landslides that have been repaired. Additional Phase 2 landslide repairs have been completed as well. This represents full completion of a comprehensive program and a three-year effort to conduct over \$800,000 in repairs that were directly related to the rains of 2016/2017. Given the progress that has been made in the last three years, we are pleased to report that the GHAD is again prepared to contribute a significant allocation to the reserve this term.

As a result of the 2016/2017 rains and subsequent State and Federal declarations of emergency, and all of the Canyon Lakes GHAD's efforts to stabilize 5 landslides and a number of Incident Responses, the Canyon Lakes GHAD timely applied to the Federal Emergency Response Agency (FEMA) for federal and state disaster area funds. FEMA damage and repair estimates included emergency response, cleanup and protective measures, as well as engineering and construction and repair costs. The GHAD previously

received denials from FEMA¹, challenging the GHAD's status as a qualified agency and expressing concerns regarding the eligibility of the response and remedial work. The GHAD appealed² on the basis that it believes, in fact, that the agency is eligible, and emergency work qualified as the GHAD is legally responsible for conducting the emergency work operations. The California Office of Emergency Services (CalOES), a participant and pass-through agency to FEMA applications also sided with the GHAD with respect to its eligibility as an agency and as to its work eligibility. GHAD currently awaits a final determination from FEMA³ for all of its applications and appeals for assistance. GHAD management and GHAD counsel, in agreement with CalOES, continue to believe in the legitimacy of our submission for relief.

The Preventive Maintenance Program will focus on continued efforts to secure damaged areas and complete asset site restorations. The program will continue to upgrade and analyze these sites and the associated data collection to ensure all predictive features of these instrumentation and asset sites are fully realized. Specifically, we will continue to target the following program elements - Concrete Interceptor Ditch Systems (Repair and Replace Program); the Horizontal Drains (Site Maintenance Program, and a district wide cleaning program); the Piezometers (Site Maintenance Program), and the Soil Debris Bench (Maintenance Program). The Operations Program will continue its existing monitoring profile through this period. Deferred study and maintenance programs will be resumed.

The Special Projects Program costs will be directed to finalizing Amendment 2 to the Plan of Control which clarifies the independent role of the GHAD and strengthens those areas of the plan that define the scope of the District's responsibilities and practices. It is anticipated that the Amended Plan will be presented to the GHAD Board for approval and brought into service during fiscal year 2020/2021. It is anticipated that the GHAD will pursue additional studies in the areas of Fiscal Policy and geologic risk analyses. Approximately 14% of the annual budget has been established for the Special Projects Program. We continue to work to strengthen our communication with district constituents and stakeholders within the Canyon Lakes community.

This budget anticipates continued strengthening and building efficiencies within the Administration Program. General legal counsel will continue to be provided by the Canyon Lakes GHAD Board appointed attorney, Patricia Curtin of Wendel, Rosen, LLP, and specific litigation counsel will be provided by Timothy J. Ryan of Bold, Polisner, Maddow, Nelson & Judson.

On March 16, 2020, the Contra Costa County Health Department issued an Order to "Shelter in Place" for all non-essential entities, to help mitigate the spread of the virus COVID-19. The Canyon Lakes GHAD, although likely considered an essential agency, complied on that day to direct all staff to adhere to the Order.

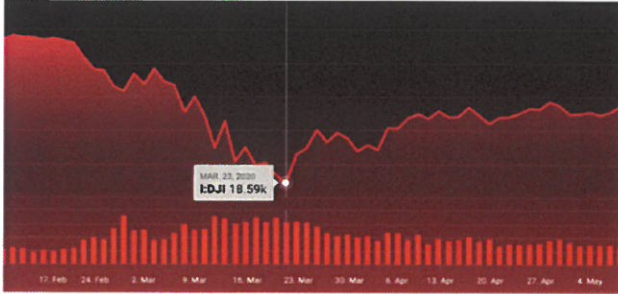
Fortunately, the Canyon Lakes GHAD had operated with the pre-existing capacity to work remotely prior to the pandemic and subsequent Orders. Although this has presented a new challenge for GHAD operations, it has not materially inhibited our ability to respond to geologic hazards and to direct and implement much of our operations from remote locations.



¹ FEMA Determination Letter of October 2, 2017; and FEMA Determination Letter of February 6, 2018

² GHAD Appeal and Response for Additional Information, dated August 31, 2018

³ Final Appeal Response from FEMA Pending



Subsequent to the March 16, 2020 Orders, and under the County guidelines, we have continued essential operational and administrative tasks. Needed maintenance and data collection events from instrument sites have continued as county orders have allowed, as well as ongoing processing and assessment of slope stability conditions within the district. Specific slope stability studies have continued uninterrupted.

As managers, we continually monitor and project significant short-term and long-term financial impacts on GHAD reserves and compare such impacts with our 40-year reserve study. This recent and unexpected impact on the annual budget and reserves, as a result of the COVID-19 virus, has been challenging and has represented a reduction in GHAD accumulated reserves⁴. Although the impact has been remarkable, we believe there has been no significant negative short-term or long-term effect on the future ability to provide the full array of services of the GHAD throughout this pandemic⁵.

Our ability to maintain reserves will provide assurance of our capability to continue services in the future. We will continue to monitor the process and advise you of changed conditions throughout the remainder of this pandemic.

A summary of the expenses is shown on Table 1, pages 4 and 5, followed by brief descriptions of each of the budget items on pages 6 through 13.

Respectfully yours,

Canyon Lakes Geologic Hazard Abatement District

Michael D. Sands
Sands Construction Company, Inc.
General Manager

⁴ As seen in the illustration above representing DJI activity through the pandemic (Feb 2020-May 2020)

⁵ Observations of the General Manager as of May 7, 2020

Distribution list:

Canyon Lakes GHAD Board of Directors:

Supervisor Candace Andersen (Board Chair)
309 Diablo Road
Danville, CA 94526

Supervisor John M. Gioia
11780 San Pablo Avenue, Suite D
El Cerrito, CA 94530

Supervisor Diane Burgis
3361 Walnut Boulevard, Suite 140
Brentwood, CA 94513

Supervisor Karen Mitchoff
2151 Salvio Street, Suite R
Concord, CA 94520

Supervisor Federal D. Glover
190 E. 4th Street
Pittsburg, CA 94565

GHAD Attorney:

Patricia Curtin, Esq. (Canyon Lakes GHAD Attorney)
Wendel Rosen, LLP
1111 Broadway, 24th Floor
Oakland, CA 94607

Upon Execution: The management will post approved Budget at www.blackhawkghad.com

Canyon Crest Homeowners Association
c/o Association Management Company, Inc.
P.O. Box 503
Pleasanton, CA 94566
(925) 462-2138 ext. 102
Attention: Ms. Tani Cligny

Golden View Elementary School
Nancy White, Principal
5025 Canyon Crest Drive
San Ramon, CA 94583
(925) 735-0555

Canyon Green Homeowners Association
Fleur DuMont Homeowners Association
Canyon View Homeowners Association
c/o Homeowner Association Services
2266 Camino Ramon
San Ramon, CA 94583
(925) 830-4848
Attention: Tom Bantz and Brian Ritter

San Ramon Regional Center
Gary Sloan, CEO
6001 Norris Canyon Road
San Ramon, CA 94583
(925) 275-9200

Canyon Owners' Association
c/o Howe Association Management, Inc.
485 Hartz Avenue, Suite 100
Danville, CA 94526
(925) 837-2805 ext. 1#
Attention: Jackie Howe

Vista Pointe Canyon Lakes Owners Assoc
c/o M & C Association Management
4305 Hacienda Drive, Suite 180
Pleasanton, CA 94588
Pleasanton, CA 94588
Attention: Adrian Breato

Canyon Woods Homeowners Association
c/o Christison Company
3090 Independence Drive
Livermore, CA 94551-9469
(925) 371-5710
Attention: Elizabeth Ramirez

Echo Ridge Homeowners Association
The Lake at Canyon Lakes Homeowners Association
c/o Common Interest Management Services
315 Diablo Road, Suite 221
Danville, CA 94526
(925) 743-3080 ext. 235
Attention: Janice Schock and Melanie Malik

Canyon Lakes Geologic Hazard Abatement District Program Budget Fiscal Year 2020/2021

The following proposed line item program budget (Table 1) summarizes the anticipated expenditures for fiscal year 2020/2021 for the Canyon Lakes Geologic Hazard Abatement District (Canyon Lakes GHAD, GHAD or District). Through an ongoing risk management assessment, the GHAD manager evaluates and addresses risk through the implementation of an annual program budget consisting of four major categories. Preceding Table 1, and directly below, please see a general overview description of the four major program elements within the budget.

Major Projects Program

The annual Major Projects Program includes; landslide repair projects, drainage improvement projects and capital improvement projects necessary to either control, mitigate, or prevent landslide activity. Other large program responses necessary to implement the Plan of Control, including specific purpose studies and investigations, may also be included in the Major Projects Program.

Generally, for consideration of inclusion into the Major Projects Program, a project or study would represent a level of complexity requiring plans, specifications, and comprehensive engineering analysis including modeling and research or a project with a protracted scope such as those requiring multiple regulatory agency approvals. Most Major Projects have a projected cost that exceeds \$20,000.

Historically, the Major Projects Program has been comprised of significant landslide repair projects and other responsive large projects; at other times, it has included programmatic studies and investigations useful in generating proactive responses. This diversity of projects demonstrates the importance of a flexible Major Projects Program structure that adapts between responsive and proactive needs and capabilities to manage the dynamic nature of larger scale geologic events.

Preventive Maintenance and Operations

The annual Preventive Maintenance and Operations Program includes all minor repairs, cleanup, maintenance, monitoring, and replacement of drainage structures and other assets that degrade over a serviceable life. The goal of preventive maintenance is to keep the assets in operational condition and identify potential slope stability risks before they manifest, allowing measures to be taken to either prevent, or mitigate the impact of these hazards as defined in the Canyon Lakes GHAD Plan of Control.

Canyon Lakes GHAD assets include, concrete lined ditches, subdrainage systems, groundwater measuring instrumentation, slope inclinometers and moisture gauges, and slope debris catchment features.

The Preventive Maintenance Program also includes preparations for emergency response, winterization measures including erosion protection, slope stabilization supplies, and instrument maintenance.

The Operations Program is primarily populated with scheduled instrument monitoring events. Data from these instruments are evaluated to establish risk and trends in an effort to avert landslide activity. In addition to the instrumentation monitoring program, the Operations Program contains the Incident Response and Community Relations Program, which incorporates comprehensive first response capabilities, and fosters community incident interaction.

Special Projects

The Canyon Lakes GHAD pursues ongoing and new activities identified as Special Projects. Special Projects include activities requested by the Board such as the Communications Program, or projects and studies designed to improve the District's operational effectiveness and ensure financial solvency. Special Projects also include utilizing new technologies to increase the efficiencies of the day-to-day operations of the GHAD. Establishment, testing, and placing into service a new Geographic Information System (GIS) has been one of many successful fruitions of the Special Projects Program.

Administration

Administrative expenses are required to operate the Canyon Lakes GHAD and implement the projects. Administrative expenses include the various roles, personnel and consultants to manage the operations including; the General Manager, Administrative Manager, Construction Services Manager, certain clerical and accounting staff, consultants, and legal support.

With respect to the General Management of the Canyon Lakes GHAD - the Canyon Lakes GHAD Board of Directors through Resolution 2019/01, among other business, established a Consulting Services Agreement with Sands Construction Company, Inc. to act as General Manager. The payment limit established for a term through June 30, 2020 was \$120,000; the proposed payment limit through June 30, 2021 is \$125,000. The scope of services for the General Manager include, managing the day-to-day operations through implementation of the necessary financial recordkeeping and reporting; updating and maintaining governing documents, such as the Plan of Control; and managing and updating administrative tools such as the Reserve Study, Communications Plan, Work Program and Monthly Incident Log. The General Manager Consulting Services Agreement provides for certain administrative positions including, but not limited to; a General Manager, an Administrative Manager, a Construction Services Manager and a Network Administrator as well as overhead costs, such as office space rent, office supplies, and postage. The General Manager will retain the necessary professionals, including without limitation, engineers, accounting professionals, and vendors to facilitate the operations of the GHAD. The General Manager Consulting Services Agreement and associated budget allows for the conditional use of subcontractors such as administrative sub-consultants and

engineering or construction sub-consultants, within the payment limits of the Consulting Services Agreement.

With respect to the operations management of the Canyon Lakes GHAD, the Operations Manager payment limit was set at \$135,000 for a term through June 30, 2020; the proposed payment limit through June 30, 2021 is \$140,000. The scope of services for the Operations Manager include implementing the Major Projects and Preventive Maintenance Programs through forecasting work schedules and priorities; preparing Requests for Proposals and managing maintenance and repair operations within the Major Projects and Preventive Maintenance Programs. These services include project management and construction management; and preparing for and responding to emergency incidents. The Operations Manager Consulting Services Agreement provides for certain operational positions including, but not limited to, an Operations Manager, Construction Services Manager and Construction Services Technician, as well as certain overhead costs, such as, office supplies and electronic monitoring devices testing apparatus rental. The Operations Manager Consulting Services Agreement and associated budget allows for the conditional use of subcontractors such as contractors, engineers, and special inspectors, within the payment limits of the Consulting Services Agreement.

A summary of the proposed Fiscal Year 2020/2021 Budget is presented in Table 1 on the following pages.

Table 1 – Summary of Proposal Fiscal Year 2020/2021 Budget

Budget Item	Budget Amount	% of Total Budget
Major Repairs		
Study: Groundwater Study: Multiple Regional Studies	60,000	
Unanticipated Sites	50,000	
Landscape Replacement (associated with repairs)	20,000	
Total Major Projects	\$130,000	19%

Preventive Maintenance/Operations		
Preventive Maintenance		
Drainage		
Storm Drain Facilities	10,000	
B-58 Concrete Lined Ditches		
Maintenance/Clean/Map	27,000	
Repair and Replace	30,000	
Subdrain Systems	10,000	
Horizontal Drains	20,000	
Subdrain Outlets/Pumps	10,000	
Piezometers	15,000	
Settlement Monitors	3,000	
Retention Basins	5,000	
Minor Repairs	15,000	
Winterization	7,500	
Emergency Response	10,500	
Debris Benches	10,000	
Subtotal	\$173,000	
Operations		
Piezometer Monitoring	8,000	
Horizontal Drain Monitoring	8,000	
Subdrain Monitoring	8,000	
Settlement Monitoring	3,000	
Incident Response/Homeowner Relations	12,000	
Subtotal	\$39,000	
Total Preventive Maintenance/Operations	\$212,000	32%

Special Projects		
Plan of Control	40,000	
Reserve Study	5,000	
Special Studies	15,000	
Information Technology/GIS	16,500	
Accounting Systems Upgrade	5,000	
Procedures Manual	3,000	
Communications Program	3,000	
CA Association of GHAD – Membership/Insurance	7,000	
Total Special Projects	\$94,500	14%

Administration		
Legal fees		
General Counsel	30,000	
Special Counsel		
Litigation/Legal Concerns	15,000	
HOA/CCCFCFCD	20,000	
Assessment Roll Update	8,000	
Staffing/Administrative Support	75,000	
Accounting/Financial Services	65,000	
Training/Education	1,000	
Office – Rent/Supplies/Equipment/Lease	18,500	
Total Administration	\$232,500	35%

TOTAL PROPOSED BUDGET FY2020/2021	\$669,000	100%
--	------------------	-------------

Available Funds	
Estimated Beginning Fund Balance – July 1, 2020*	4,139,000
Estimated Property Owner Assessments	634,800
Estimated Interest on Investments	91,000
Other Income	00
Total Available Funds	\$4,864,800
Uses of Funds	
Major Projects	130,000
Preventive Maintenance	212,000
Special Projects	94,500
Administrative	232,500
Total Use of Funds	\$669,000
Estimated Reserve Available/Ending Fund Balance June 30, 2021	\$4,195,800

* Includes estimated true-up revenue payment (June 2020) of \$33,053; Projected Fund Balance date of publication

DESCRIPTION OF BUDGET ITEMS

STUDIES: Studies, as they relate to field conditions, are essential and are designed to analyze specific sets of aggregated empirical data with the intent of assessing condition of infrastructure and efficacy of instrumentation data collection. Through this effort, specific studies inform management about how to tailor programs to capitalize on the most effective preemptive measures as the GHAD implements its preventive maintenance program.

Groundwater Studies (Regional Sites)

Study: This study is projected to be conducted in multiple phases. It will analyze regional groundwater regimes where groundwater levels have risen over time. Data from piezometer histories will be the primary criterion used in collaboration with the Horizontal Drain Study results in the effectiveness of horizontal drains in lowering local groundwater levels.

Estimated Cost \$60,000

Unanticipated Sites:

During heavy rain years unexpected repairs are necessary to avert or control landslides that may threaten property within the District. It is vital for the manager to retain the availability of funds within the Major Repair Program to address such an event.

It is also common to experience a change in the planned construction schedule to include additional sites. Known sites can rise in priority throughout the year and additional sites may emerge.

Estimated Cost \$50,000

Landscape Replacement:

Typically, remedial landscaping is either included in the scope of work for major projects or eliminated completely from the repair scheme: however, on occasion the associated License Agreements executed in preparation of the work will address a reimbursement or allowance to the property owner for remedial landscaping installation. With as many sites and events that the Canyon Lakes GHAD has to attend to over the next fiscal year, we have allowed for certain, unknown at this time, landscape/structure reimbursements.

Estimated Cost \$30,000

Preventive Maintenance and Operations

Preventive Maintenance

Preventive maintenance generally consists of those measures taken to prevent an incident or landslide event including; asset maintenance, drainage structures, instrument sites and winterization measures. Operations include ongoing monitoring programs and responses to community requests. Details of the proposed budget for each of these categories are listed below.

The Preventive Maintenance Program will increase its profile through this fiscal year with those tasks that are essential to maintaining slope instrumentation sites and information; data collection and other measures to ensure slope stability; and resumption of discretionary programs regarding instrument site maintenance and capital expenditures.

Storm Drains

Storm drains associated with B-58 drainage systems occasionally need repair or replacing. Assessments are made during the annual cleaning events in early fall.

Estimated Cost \$10,000

B-58 Drain Systems

Maintenance – Allows for one major annual cleaning and mapping. District staff periodically walks the B-58 systems to get a first-hand account of their current conditions and project their serviceable life. This information, along with other empirical data, is utilized in our Reserve Study updates. With the extreme weather conditions last year and the related soil and vegetation load impacting the network of B-58 systems, we have anticipated and allowed for a greater effort to maintain proper drainage for these facilities over the fiscal year.

Estimated Cost \$27,000

Repair and Replacement – The GHAD has repaired or replaced all of the listed lineal feet of severely damaged B-58 throughout the district. This year and in the future, a priority will be established based on the degree of damage and risk to improved properties, and a percentage of future replacement projects will be budgeted throughout the upcoming years. In recent years, minor repairs were accomplished involving approximately 1500 lineal feet of B-58 drainage systems. This year an additional several hundred lineal feet of minor repair (cracks and small spalls) has been budgeted for repair. The remaining budget will be utilized on repairs to existing B-58s on a site-by-site basis.

Estimated Cost \$30,000

Subdrain Systems

Outlet sites for subdrain systems must be monitored and maintenance provided to ensure outlets have not been damaged or impeded. This budget will allow for an inspection and minor maintenance of these sites.

Estimated Cost \$10,000

Horizontal Drains

In recent years, the District Manager has placed a high priority on verifying the condition and restoring as many existing horizontal drains throughout the development as possible. A definitive list of sites requiring maintenance has been determined and work continues on restoring the sites and installing identification markers.

Estimated Cost \$20,000

Subdrain Outlets/Pumps

The Canyon Lakes GHAD conducts ongoing efforts to identify, locate, and make determinations about the effectiveness of the network of subdrains throughout the Development. The District anticipates that on-site restoration work may be necessary at some sites. This additional work, as well as the introduction of the subdrain systems into the District GIS, has been incorporated into this budget item.

The District maintains three substation subdrain pumping facility sites located around the lake at Canyon Lakes. Periodic site checks for operation are required. In recent years the equipment, instrumentation, and electronics have been updated. A budget has been established to provide ongoing site maintenance and pump replacement.

Estimated Cost \$10,000

Piezometers

The District reads and maintains in excess of 72 piezometers measuring ground water elevations. A definitive list of sites requiring repairs has been determined and restoration work has been completed on many of the sites, as well as the installation of identification markers and protective monuments at virtually all sites. The work this year has been expanded to include a greater number of sites and inclusion of the sites into the GIS.

Estimated Cost \$15,000

Settlement Monitors

Over time, a number of settlement monitors have been placed throughout the development. These monitors were, in large part, installed as part of a specific study and therefore are not continually monitored. A modest budget has been established for site preservation and maintenance.

Estimated Cost \$3,000

Retention Basins

Previously protracted drought and then heavy rain load conditions in northern California have resulted in significant variance of water level surfaces in many dual-purpose storm water retention facilities in the area, including the Canyon Lakes development. The GHAD manager is actively working with local Homeowners Associations and jurisdictional agencies to further explore the potential risk ramifications in an effort to collectively plan for impact.

Estimated Cost \$5,000

Minor Repairs

A budget is established annually for anticipated, as well as unanticipated minor repair projects. There are not currently any anticipated minor projects within the Preventive Maintenance Program.

Estimated Cost \$15,000

Winterization

The District provides an annual budget for procuring and storing an inventory of winterization materials and to provide for the costs of site installation. Winterization materials have been significantly depleted during the last three season's responses. In an effort to replenish emergency response materials, this year's winterization measures should again rise above normal expenditures. Therefore, the budget has been increased from previous years.

Estimated Cost \$7,500

Emergency Response

During the winter rainy season, the Canyon Lakes GHAD responds to a range of urgent active and threatening landslides and drainage issues where property damage is threatened. These incidents typically involve mud or debris flows, plugged storm drains at the base of slopes or flooded properties due to the overflow of runoff from plugged or damaged facilities. In severe cases these responses can be the initiation of slope stabilization measures in preparation for a major repair.

Estimated Cost \$10,500

Debris Benches

Numerous earthen debris benches exist throughout the district. It is essential that these facilities are inspected to ensure capacities and drainage have not been compromised. Annual inspections are made, and periodic debris removal plans are initiated. This year's budget allows for geotechnical evaluations and the periodic removal of accumulated debris from several of those benches identified during the study and routine monitoring events.

Estimated Cost 10,000

Operations

An inventory of on-site instrumentation including hundreds of piezometers, inclinometers, horizontal drains, subdrains and settlement monuments are monitored periodically throughout the year as a preventative measure. Collected data from these sites is analyzed and aggregated into the GIS for further analysis to establish trends.

Monitoring sites can be established for a variety of uses. Often completed repair sites require monitoring to confirm that the slope has been stabilized. Other sites have been utilized to indicate signs of unstable conditions developing and have been instrumental in determining slope conditions prior to the activation of a landslide.

Through the use of collected data such as water depth, magnitude of slope movement, depth of movement and ground surface movement, the District has been able to arrest slope movement in advance of an incipient failure. Archiving of historical data is currently being integrated into the GHAD GIS.

Throughout the year, the District receives incident response or assistance calls from property owners regarding slope stability or drainage issues. Community relations, including incident responses through the annual Operations Program has been institutionalized as a role of GHAD management. All incidents are recorded within the GIS and move through the district response mechanisms as is appropriate and consistent with the GHAD Plan of Control.

The GHAD manager receives updates in long-range weather and oceanic temperature changes through the National Oceanic and Atmospheric Administration (NOAA) and other scientific and atmospheric agencies that track data and produce probabilistic assessments on the likelihood of a recurrence of heavy rain conditions.

Estimated Cost \$39,000

Special Projects

During fiscal year 2020/2021 the District will continue several special projects. Brief descriptions of the special projects are presented in Table 1 and further described below:

Plan of Control Update

At the time of this publication, Amendment 2 to the Plan of Control has been drafted, and peer reviewed. Additional comments are currently being considered by the GHAD Manager. We anticipate that a final draft will be presented to the Board, which will contain additional clarifications with respect to the GHADs responsibilities and authorities and make certain minor clarifications in the language.

Estimated Cost \$40,000

Reserve Study

The Canyon Lakes GHAD reserve fund study has been completed. The Reserve Study functions as a pro-forma analysis of the financial needs of the GHAD. It serves as a tool to calculate the annual contribution requirements by the District to build and maintain sufficient funds for emergencies based on past weather patterns and slide repair costs. The Reserve Study projects annual contribution to the funds required over a forty-year period and is periodically updated to represent new conditions and impacts.

Estimated Cost \$5,000

Special Studies

The Canyon Lakes GHAD intends to conduct targeted studies in the areas of fiscal policy and geologic risk. The recent research and study into the Plan of Control update and the Reserve analysis will be utilized to provide initial data to conduct these research projects. The Canyon Lakes GHAD, now in its 35th year, has the unique opportunity to address many of the issues surrounding long-term viability and sustainability, within changing environmental and financial conditions. Using empirical data, we can assess potentially increasing financial loads and geologic risks that may accompany the maturation process of this district. We are confident that these studies have produced, and will continue to produce, beneficial results.

Estimated Cost \$15,000

Information Systems and Technology

GHAD has completed an upgrade to its GIS to include all of the GHAD's data collection and monitoring operations. The system is now fully operational and is run from internal servers, combined with secure and private "cloud" storage. The record and tool that this system offers facilitates the General Manager's ability to locate past repairs and assist in a variety of risk assessments within the District. Upgrades have now provided additional state-of-the-art security and redundancy features not historically available.

As a result of an independent evaluation of the GHAD's information systems conducted in 2012 and again in 2015, the GHAD has modernized its IT systems and security. Additionally, a new GHAD website was launched www.canyonlakesghad.com to assist property owners and disseminate information to our constituents.

It is anticipated that work will continue on enhancements to the GHAD GIS during this term. Work will include incorporating access features to data and graphic representations and improving performance and usability of the site.

Estimated Cost \$16,500

Accounting System Upgrade

Periodic upgrades are necessary to enhance accounting system capabilities. The GHAD utilizes expense accounting software to assist in reporting and the day-to-day operation of the District. Continued accounting systems enhancements will be implemented allowing more data entry streamlining, enhanced reporting, and quality control assurance procedures, augmenting the current systems.

Estimated Cost \$5,000

Procedures Manual

GHAD continually upgrades procedures and modifies plans to incorporate new technologies that assist the GHAD in delivering the highest level of services. Procedures require certain modifications and enhancements as new methodologies are introduced and incorporated into the GHAD Standard Operation Procedures. Certain financial and operations procedures have been institutionalized within the program. Additional procedures will be incorporated to further define and standardize the following areas:

- Preventive Maintenance/Operations
- Contracts and Agreements
- Administrative Procedures

Estimated Cost \$3,000

Communications Plan

The Canyon Lakes GHAD maintains a communications plan designed to keep constituents current on GHAD operations and developments. The plan addresses several venues and mediums in which to disseminate information within this district, and to other concerned parties, and to establish clear and accessible channels for community interaction. The GHAD has now implemented a web page for public information and a multi-page informational

brochure has been completed and distributed to interested Homeowner Associations (HOA) that describes the GHAD and its responsibilities and limitations.

Estimated Cost \$3,000

Outreach/Legislative Review

California Association of GHADs (CAGHADs) Membership/Insurance

The proliferation of new GHADs within California has resulted in new legislation and adopted procedures. The Canyon Lakes GHAD Manager, in association with others, shares information and knowledge through a consortium of GHAD managers known as the California Association of GHADs (CAGHADs). The CAGHAD has recently obtained General Liability policies for its member GHADs. Policy premium costs for the Canyon Lakes GHAD are approximately \$3,600⁶. Additionally, the GHAD Manager participates in the CAGHADs as the organization pursues other financial assets that may provide the GHADs additional options for extraordinary event financial planning. In 2016 the CAGHAD Board adopted a new fee schedule reducing the annual GHAD fees for membership by 50%.

Estimated Cost \$7,000

Administration

The administration of the Canyon Lakes GHAD includes all costs associated with legal support, office expenses, staffing, and accounting. Brief descriptions are presented below.

Legal

General Counsel – GHAD management must interact regularly with GHAD Counsel. The day-to-day operations of the GHAD present a myriad of opportunities and issues to work directly with GHAD counsel, in the areas of contracts, agreements, issues or new business to present to the Board, legislation, property owner issues, etc.

Estimated Cost \$30,000

Special Counsel – GHAD management requires the services of special counsel from time to time in the areas of litigation and other legal concerns.

Estimated Cost \$35,000

Assessment Roll Update

Annually, the district funds an effort to recalculate the final assessment roll for the district. This budget allows for a periodic analysis of the comprehensiveness of the roll in addition to calculating the properties status and rate modifications.

Estimated Cost \$8,000

⁶ A more comprehensive policy was obtained in 2017 with a premium increase

Staffing/Administrative Support

The GHAD staff includes the General Manager, a Construction Services Manager, an Administration Manager and frequently other support staff. The General Manager administers all GHAD day-to-day operations, including financial budgeting and communications regarding its activities. The Construction Services Manager, among other tasks, administers the Major Projects and Preventive Maintenance Programs and associated work schedules, consulting and construction contracts, and documents. The administrative staff is responsible for accounting/bookkeeping, contract administration, clerical, and construction management support. Additional management staff costs are also applied to specific projects as appropriate. Authorized business expenses such as rent, office supplies and leases are included in Staffing.

Estimated Cost \$159,500

**THE BOARD OF DIRECTORS OF CANYON LAKES GEOLOGIC
HAZARD ABATEMENT DISTRICT**

Adopted this Resolution on June 16, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RESOLUTION NO. 2020/02 (CANYON LAKES GHAD)

SUBJECT: Approve change in the GHAD Treasurer designation from Watermark Asset Management, Inc. to CLT Management, LLC (“CLT”) in addition to a contract of services between CLT and Canyon Lakes GHAD.

WHEREAS, on April 22, 1986, the Contra Costa County Board of Supervisors adopted Resolution 86/210 approving the formation of the Canyon Lakes Geologic Hazard Abatement District (GHAD) and appointed itself to serve as the GHAD Board of Directors.

WHEREAS, on May 19, 2009 the GHAD Board appointed Watermark Asset Management, Inc. as the GHAD Treasurer pursuant to Resolution No. 2009/01.

WHEREAS, on December 6, 2018, Watermark Asset Management was acquired by CAPTRUST and thereafter Watermark Asset Management reorganized to allow it to continue to provide treasurer services to the Canyon Lakes GHAD until the time a new treasurer was appointed.

WHEREAS, GHAD General Manager has researched and interviewed several potential candidates to serve as the GHAD Treasurer. GHAD Manager has determined that CLT is the most experienced and capable to perform treasurer functions for the GHAD.

WHEREAS, GHAD General Manager recommends the GHAD Board appoint CLT to serve as the GHAD Treasurer.

The Board of Directors of the GHAD HEREBY RESOLVES THAT:

1. Watermark Asset Management, Inc. shall no longer serve as GHAD Treasurer.
2. CLT is appointed as the new GHAD Treasurer.

3. The GHAD General Manager shall finalize and cause to be executed the contract for GHAD Treasurer services between CLT and the GHAD on behalf of the GHAD Board, attached as Exhibit 2 to the Staff Report for this action.

4. The recitals are incorporated herein by this reference.

This Resolution shall become effective immediately upon its passage and adoption.

Approved as to form:

Patricia Curtin
GHAD Attorney