South Bay Irrigation District Board Meeting - April 8, 2020

1. Agenda Packet

Documents:

200408 AGENDA PACKET - POSTED 200403.PDF
AGENDA
REGULAR MEETING
OF THE BOARD OF DIRECTORS
WEDNESDAY, APRIL 8, 2020 – 5:00 P.M.

Notice: Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, meetings of the Board of Directors will be held by teleconference. There will be no physical location from which members of the public may participate. Instead, the public may listen to meeting proceedings and provide public comment and comments on agenda items by following these instructions:

To hear audio of the meeting by telephone by calling (669) 900-6833 and when prompted enter meeting identification number 702 403 0050. If you are unable to access the meeting using this call-in information, please contact (619) 409-6703 for assistance.

To provide public comment on non-agenda items or to provide public comment on any item of the agenda:

- Go to www.sweetwater.org; click on the “HOW DO I...” at the top of the page; and then click on the “Public Comment” link in the Contact section.
  OR
- Physically deposit your public comment in the Authority’s payment drop box located in the public parking lot at the Authority’s Administrative Office at 505 Garrett Avenue, Chula Vista.
  OR
- Mail your comments to 505 Garrett Avenue, Chula Vista, CA 91910 [Attention: Public Comment].

All public comment submissions must be received 1 hour in advance of the meeting and will be read aloud to the Board during the appropriate portion of the meeting with a reading limit of 3 minutes for each comment. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible. The above public comment procedures supersede any Authority standard public comment policies and procedures to the contrary.

- CALL MEETING TO ORDER AND ROLL CALL
- PLEDGE OF ALLEGIANCE TO THE FLAG
• PUBLIC COMMENT
  Opportunity for Members of the Public to Address the Board. (Government Code Section 54954.3)

• PRESIDENT’S PRESENTATION

ACTION AGENDA

The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined, including items listed for information.

1. ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA
   (Government Code Section 54956.5)

2. APPROVAL OF MINUTES - Regular Meeting of March 11, 2020

3. APPROVAL OF DEMANDS AND WARRANTS

4. NEW BUSINESS
   Review of Board Policies and Procedures (Policies 111-120)

5. OLD BUSINESS
   Second Review of Board Policies and Procedures (Policies 101-110)

6. APPROVAL OF DIRECTORS’ ATTENDANCE AT MEETINGS AND FUTURE AGENDA ITEMS

REPORTS AND INFORMATIONAL ITEMS

The following Agenda items are reports and information. These are place on the Agenda to allow the persons designated to provide information on the Agenda item to the Board and the Public. There is no action called for in these items. The Board may engage in discussion on any report upon which specific subject matter is identified on the Agenda, but may not take any action other than to place the matter on a future Agenda.

7. FEBRUARY 2020 FINANCIAL REPORTS

8. REPORTS BY DIRECTORS ON EVENTS ATTENDED
   Reports and discussion relating to events attended by the Directors

9. REPORT OF MANAGEMENT

10. REPORT OF LEGAL COUNSEL

11. DIRECTORS' COMMENTS
    Directors' comments are comments by Directors concerning District business that may be of interest to the Board. Directors' comments are placed on the agenda to enable individual Board members to convey information to the Board and the Public. There is to be no discussion or action taken on comments made by Board members.
12. CLOSED SESSION
At any time during the regular session, the Governing Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege, subject to the appropriate disclosures and may be held in closed session. Government Code Section 54956.9.

13. ADJOURNMENT

This agenda was posted at least seventy-two (72) hours before the meeting in a location freely accessible to the Public on the exterior bulletin board at the main entrance to the Authority’s office and it is also posted on the Authority’s website at www.sweetwater.org. No action may be taken on any item not appearing on the posted agenda, except as provided by California Government Code Section 54954.2. Any writings or documents provided to a majority of the members of the Sweetwater Authority Governing Board regarding any item on this agenda will be made available for public inspection at the Authority Administration Office, located at 505 Garrett Avenue, Chula Vista, CA 91910, during normal business hours. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible.

To e-subscribe to receive meeting agendas and other pertinent information, please visit www.sweetwater.org.

PUBLIC COMMENT PROCEDURES
Members of the general public may address the Board regarding items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Governing Board. Speakers are asked to state name, address, and topic, and to observe a time limit of three (3) minutes each. Public comment on a single topic is limited to twenty (20) minutes. Anyone desiring to address the Governing Board regarding an item listed on the agenda is asked to fill out a speaker’s slip and present it to the Board Chair or the Secretary. Request to Speak forms are available at the Speaker’s podium and at www.sweetwater.org/speakerform.
The Board of Directors of South Bay Irrigation District held a Regular meeting on Wednesday, March 11, 2020, at the Sweetwater Authority Administrative Office, 505 Garrett Avenue, Chula Vista, California. President Martinez called the meeting to order at 5:00 p.m.

- **ROLL CALL**
  Directors Present: Josie Calderon-Scott, Steve Castaneda, *José F. Cerda (5:01 p.m.), Hector Martinez, and Jose Preciado
  Directors Absent: None
  Others Present: General Manager Tish Berge, Assistant General Manager Jennifer Sabine, Legal Counsel Nicholaus Norvell, and Board Secretary Ligia Perez. Staff Present: Administrative Assistant Michael Garcia.

- **PLEDGE OF ALLEGIANCE TO THE FLAG**

- **OPPORTUNITY FOR PUBLIC COMMENT (Government Code Section 54954.3)**
  There were no comments from the public.

- **PRESIDENT’S PRESENTATION**

  **ACTION CALENDAR ITEMS**

  1. **ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA**
     There was none.
     *(Note: Director Cerda entered the meeting at 5:01 p.m.)*

  2. **APPROVAL OF MINUTES** – Regular Meeting of February 12, 2020
     Director Preciado made a motion, seconded by Director Calderon-Scott, that the Board approve the minutes of the February 12, 2020 Regular meeting. **The motion carried unanimously.**

  3. **APPROVAL OF DEMANDS AND WARRANTS**
     Director Preciado made a motion, seconded by Director Cerda, that the Board approve warrants 11770 through 11775. **The motion carried unanimously.**
4. NEW BUSINESS
   Consideration of Changes to Directors' Fees
   
   Director Preciado made a motion, seconded by President Martinez, that the Board acknowledge receipt of the agenda report and take no action. The motion carried unanimously.

5. APPROVAL OF DIRECTORS’ ATTENDANCE AT MEETINGS AND FUTURE AGENDA ITEMS
   There were none.

REPORTS AND INFORMATIONAL ITEMS

6. SAN DIEGO LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICT NOMINATION AND ELECTION RESULTS – REGULAR MEMBER ON SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

7. JANUARY 2020 FINANCIAL REPORTS

8. REPORTS BY DIRECTORS ON EVENTS ATTENDED

9. REPORT OF MANAGEMENT
   General Manager Berge reminded the Board of the High School Photo Contest reception following the meeting; and Wes Danskin of the U.S. Geological Survey, will be presenting at the next Board meeting.

10. REPORT OF LEGAL COUNSEL
    Legal Counsel Norvell reported on the reintroduction of a recently vetoed assembly bill that requires email retention for up to two years by local agencies.

11. DIRECTORS’ COMMENTS
    Director Preciado appreciated the hand sanitizing bottles at the dais and commented that times are changing; and appreciated the Authority’s social media posts.

    Director Calderon-Scott noted the responses by various public agencies regarding their staff’s involvement in public events due to the coronavirus pandemic and inquired about the Sweetwater Authority’s response.

    Director Martinez inquired about the Sweetwater Authority’s response plan to the coronavirus pandemic.

12. CLOSED SESSION
    There was none.
13. **ADJOURNMENT**

   With no further business before the Board, President Martinez adjourned the meeting at 5:15 p.m.

   ____________________________
   Hector Martinez, President

   Attest:

   ____________________________
   Ligia Perez, Board Secretary
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1,724.21
TO: South Bay Irrigation District Board
FROM: Management
DATE: April 3, 2020
SUBJECT: Review of Board Policies and Procedures (Policies 111 through 120)

SUMMARY
The attached SBID Board Policies 111 through 120 are presented to the Board for review. Legal counsel has reviewed the policies and has no recommended changes. The General Manager defers to the Board for their recommended changes.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>ADDITIONS/MODIFICATIONS/COMMENTS</th>
</tr>
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<tbody>
<tr>
<td>111-120</td>
<td>No recommended changes.</td>
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PAST BOARD ACTIONS
July 10, 2019    Approved Policies 120, 122, 123, 201, and 202-207
June 12, 2019    Approved Policies 111 through 116 and 118 through 121
February 13, 2019 Approved Policies 101 through 110

FISCAL IMPACT
The fiscal impact is unknown at this time and will be based on time charged for legal counsel’s review.

POLICY
Board Policy 103, Adoption/Amendment of Policies and Procedures, establishes guidelines to adopt and amend policies and procedures in the Policies and Procedures Manual of the Board of Directors of South Bay Irrigation District. Although Policy 103 doesn’t specify when to review the policies, it is recommended that the Board review its Policies and Procedures on a periodic basis.

ALTERNATIVES
1. Provide input on Policies 111 through 120 and direct staff to make modifications as directed by the Board of Directors.
2. Approve Policies 111 through 120 as presented.

RECOMMENDATION
Staff seeks the direction of the Board of Directors.
POLICY 111 – DISTRICT NAME

POLICY

This policy is intended as a guideline if the need should ever arise to change the name of the South Bay Irrigation District (District).

PROCEDURE

The process to change the District’s name, if the Board of Directors (Board) should so desire at some time in the future, is rather uncomplicated. Pursuant to Water Code Section 20980, “whenever the Board so determines, it may, or in the event any District has been formed under the same name as that of another District, the Board of the last formed District shall, by a Resolution spread on its minutes, change the name of the District.”

Certified copies of the Resolution changing the name of the District must be recorded in the office of the San Diego County Recorder and sent to the Department of Water Resources and to the State Treasurer. (Water Code Section 20981.)

A name change becomes effective, for all purposes, upon the recording of the Resolution after which the District may perform all functions, exercise all powers, be responsible for all obligations, and in all respects, conduct its affairs under the name as changed with the full force and effect as under the name by which it was designated upon formation. (Water Code Section 20982.)

The District may wish to provide an additional published notice regarding the name change, but is under no legal requirement to do so.
POLICY 112 – MASS MAILINGS

POLICY

The South Bay Irrigation District (District) Board of Directors (Board) must abide by the rules of the Fair Political Practices Commission, which sets restrictions concerning mass mailings sent at the public’s expense.

PROCEDURE

As provided for in California Code of Regulations, Title 2, Section 18901, Subdivision (A), except as provided in Subdivision (B), below, a mailing is prohibited by Government Code Section 89001 if all of the following criteria are met:

1) Any item sent is delivered, by any means, to the recipient at his or her residence, place of employment or business, or post office box. For the purposes of this criterion, the item delivered to the recipient must be a tangible item, such as a videotape, record, button, or a written document.

2) The item sent either:

(a) Features an elected officer affiliated with the agency which produces or sends the mailing; or

(b) Includes the name, office, photograph, or other reference to an elected officer affiliated with the agency which produces or sends the mailing, and is prepared or sent in cooperation, consultation, coordination, or concert with the elected officer.

3) Any of the costs of distribution are paid for with public monies; or costs of design, production, and printing exceeding $50 are paid with public monies, and the design, production, or printing is done with the intent of sending the item other than as permitted by this regulation.

4) More than two hundred (200) substantially similar items are sent in a single calendar month, excluding any item sent in response to an unsolicited request and any item described in Subdivision (B), below.

Subdivision B: Notwithstanding Subdivision (A), above, mass mailing of the following items is not prohibited by Government Code Section 89001:

1) Any item in which the elected officer’s name appears only in the letterhead or logotype of the stationery, forms (including “For Your Information” or “Compliments of” cards), and envelopes of the agency sending the mailing, or of a committee of the agency, or of the elected officer, or in a roster listing.
containing the names of all elected officers of the agency. In any such item, the names of all elected officers must appear in the same type, size, typeface, type color, and location. Such item may not include the elected officer’s photograph, signature, or any other reference to the elected officer, except as specifically permitted in this Subdivision (B) (1) or elsewhere in this regulation.

2) A press release sent to members of the media.

3) Any item sent in the normal course of business from one (1) governmental entity or officer to another governmental entity or officer.

4) Any intra-agency communication sent in the normal course of business to employees, officers, deputies, or other staff.

5) Any item sent in connection with the payment or collection of funds by the agency sending the mailing, including tax bills, checks, and similar documents, in any instance where use of the elected officer’s name, office, title, or signature is necessary for the payment or collection of funds. Such item may not include the elected officer’s photograph, signature, or any other reference to the elected officer except as specifically permitted in this paragraph or elsewhere in this regulation.

6) Any item sent by an agency responsible for administering a government program, to persons subject to that program, in any instance where the mailing of such item is essential to the functioning of the program; where the item does not include the elected officer’s photograph; and where use of the elected officer’s name, office, title, or signature is necessary to the functioning of the program.

7) Any legal notice or other item sent as required by law, court order, or order adopted by an administrative agency pursuant to the Administrative Procedure Act, and in which use of the elected officer’s name, office, title, or signature is necessary in the notice or other mailing. For purposes of this paragraph, inclusion of an elected officer’s name on a ballot as a candidate for elective office, and inclusion of an elected officer’s name and signature on a ballot argument, shall be considered necessary to such a notice or other item.

8) A telephone directory, organization chart, or similar listing or roster which includes the names of the elected officers, as well as other individuals in the agency sending the mailing, where the name of each elected officer and individual listed appears in the same type face, and type color. Such item may not include an elected officer’s photograph, name, signature, or any other reference to an elected office, except as specifically permitted in this paragraph or elsewhere in this regulation.
9) An announcement of any meeting or event of the type listed in the following subparagraphs (i) and (ii), provided, however, that the announcement does not include the elected officer’s photograph or signature and may include only a single mention of the elected officer’s name except as permitted elsewhere in this regulation:

(i) An announcement sent to an elected officer’s constituents concerning a public meeting which is directly related to the elected officer’s incumbent governmental duties, which is to be held by the elected officer, and which the elected officer intends to attend.

(ii) An announcement of any official agency event or events for which the agency is providing the use of its facilities or staff, or other financial support.

10) An agenda or other writing that is required to be made available pursuant to Sections 11125.1 and 54957.5 of the Government Code, or a bill, file, history, journal, committee analysis, floor analysis, agenda of an interim or special hearing of a committee of the Legislature, or index of legislation, published by the Legislature.

11) A business card which does not contain the elected officer’s photograph or more than one (1) mention of the elected officer’s name.

Definitions: The following definitions shall govern the interpretation of this regulation:

1) “Elected officer affiliated with the agency” - an elected officer who is a member, officer, or employee of the agency, or of a subunit thereof, such as a committee, or who has supervisory control over the agency, or who appoints one (1) or more member of the agency.

2) “Features an elected officer” - the item mailed includes the elected officer’s photograph or signature, or singles out the elected officer by the manner of display of his or her name or office in the layout of the document, such as by headlines, captions, type size, type face, or type color.
POLICY 113 – COMMITTEES OF THE BOARD OF DIRECTORS

POLICY

The President of the Board of Directors (Board) shall appoint members to establish Ad Hoc Committees of the South Bay Irrigation District (District), as necessary.

PROCEDURE

An Ad Hoc Committee is a legislative body subject to the Ralph A. Brown Act (Brown Act), which is defined as any Ad Hoc Committee that has “continuing subject matter jurisdiction” or a meeting schedule fixed by ordinance, resolution, or formal action.

Unauthorized serial meetings occur when there is a “meeting of the minds” of a quorum of the legislative body outside of a formal meeting. This may occur if member “A” contacts member “B,” who contacts member “C” and so on, until a quorum has been involved.

A serial meeting may occur if a staff member or other person contacts the members of the legislative body to brief them prior to a formal meeting and, in the process, reveals their respective views to one another or asks the members to commit to or decide on a proposed action. Serial meetings are “secret meetings” that deprive the public of an opportunity to contribute to the decision-making process.

In contrast, the distribution of a memo does not constitute a meeting. A unilateral communication to a legislative body, such as an information or advisory memo, does not violate the Brown Act.

The duties of the Ad Hoc Committees will be outlined at the time of appointment and the Committee shall be considered dissolved when the President determines the need no longer exists.

All meetings of Ad Hoc Committees shall conform to applicable meeting laws (e.g., Brown Act).
POLICY 114 – OTHER APPOINTED OFFICERS

POLICY

To establish a procedure to serve as a guide to appoint other officers of the Board of Directors (Board) and to establish guidelines and clarification of responsibilities.

PROCEDURE

The General Manager shall be appointed by the Board. The General Manager shall be the Chief Executive Officer responsible directly to the Board. The General Manager shall plan, direct, coordinate, and administer the activities of the District, subject to and within the policy determinations of the Board, and perform such other duties as are specified by the Board.

The Assistant General Manager shall serve as the General Manager in the General Manager’s absence.

Pursuant to Section 2 (D) (3) of the Joint Powers Agreement for the District, the Secretary of the District shall be appointed by the Governing Board of Sweetwater Authority (Authority) and shall serve at the pleasure of the Board. The Secretary may, but need not, be a member of the Board. The Secretary shall be responsible for the minutes and other records of the proceedings of the Board and shall perform such other duties as are specified by the Board.

Pursuant to Section 2 (D) (4) of the Joint Powers Agreement for the District, the Treasurer of the District shall be appointed by the Board and shall serve as ex-officio Treasurer of the Authority. The Treasurer shall also perform such other duties as are specified by the Board.

Pursuant to Section 2 (D) (5) of the Joint Powers Agreement for the SBID, the Controller of the District shall be appointed by the Board and shall serve as ex-officio Controller of the Authority.

Pursuant to Section 2 (D) (6) of the Joint Powers Agreement for the SBID, the Attorney for the District (or his duly authorized deputy) shall be the duly appointed and acting Attorney for the District’s Board, serving ex-officio as Attorney for the Authority. The Attorney for the Authority or his or her duly authorized deputy shall attend all meetings of the Board, but his or her absence shall not affect the validity of any meeting. He or she shall provide legal advice and services as requested by the Board or General Manager.
POLICY 115 – REPRESENTATIVE TO THE SAN DIEGO COUNTY WATER AUTHORITY

POLICY

The Joint Powers Agreement of 1972, as amended and readopted in 1977, between South Bay Irrigation District (District) and the City of National City created Sweetwater Authority. The District and the City of National City are member agencies of the San Diego County Water Authority (SDCWA). -The District and the City each have one Representative on the San Diego County Water Authority Board of Directors. -The District and the City of National City shall remain members of the SDCWA at all times during the term of the Joint Powers Agreement.

PROCEDURE

The District Representative to the San Diego County Water Authority is appointed by a majority vote of the District’s Board of Directors (Board). -The Representative shall hold office on the SDCWA Board of Directors for a term of six (6) years, and until his or her successor is appointed and qualified. -The District’s Representative shall vote on SDCWA issues as directed by the Board and will take any action necessary to protect the District’s water rights and other rights as the member of the SDCWA and perform such acts and execute such documents as may be necessary to accomplish these purposes.

The City of National City Representative to the SDCWA is confirmed and authorized to vote for the District Representative when he or she is absent from a meeting of the SDCWA.

The District Representative and the City of National City Representative to the SDCWA shall appear before the Sweetwater Authority Governing Board at its regularly scheduled meeting the second Wednesday of each month, and at Special Board meetings as may be called to brief the Sweetwater Authority Governing Board on matters of interest and importance which appear on the subsequent SDCWA Board of Directors agenda.

Such briefing shall be for the purpose of discussing such matters of interest and importance as well as receiving direction from the Sweetwater Authority Governing Board on representing the Sweetwater Authority’s interest at the SDCWA.

When an appointed Representative leaves the SDCWA Board during a term, the date established for that term remains the same, and the Board shall appoint a new appointee to serve the unexpired portion of the term. -If a Director “holds over” after the expiration of a term and an appointment is made, it is to be the unexpired portion of the new term. - The ending date for the new term must be included in the District’s Resolution of Appointment.
POLICY 116 – LAFCO REPRESENTATIVES

POLICY

Local Agency Formation Commissions (LAFCO) were created by state law in 1963 to encourage the orderly formation of local government agencies to preserve agricultural and open space land, and to discourage urban sprawl. San Diego LAFCO has jurisdiction over changes in local government organization occurring within San Diego County. South Bay Irrigation District (District) wishes to maintain representation on the San Diego LAFCO. Therefore, when nominations are solicited by LAFCO, the Board of Directors (Board) encourages its members to consider competing for the position of Alternate Special District Member of LAFCO or as a LAFCO Special District Advisory Committee Member. The Board may send a representative to attend meetings at LAFCO or the LAFCO Special District Advisory Committee to report on LAFCO activities if a member of the Board is not serving as an Alternate Special District Member of LAFCO or as a LAFCO Special District Advisory Committee Member.

PROCEDURE

State law permits the LAFCO Selection Committee to conduct elections by mail. The Executive Officer of the Commission gives written notice to all eligible independent Special Districts of the intention to conduct a mailed-ballot election. The District must acknowledge receipt of the Executive Officer’s notice. SBID may submit nominations of its members, accompanied by a brief resume on the form provided by LAFCO. All nominations must be received by LAFCO by a specified date and must be submitted by certified mail, return receipt requested.

Each mailed ballot is accompanied by a certification sheet, which must be completed by the District’s President of the Board or the designated alternate who casts the District’s vote. A ballot received without a signed certification form will not be counted. The ballot should be considered by the full Board. State law and the LAFCO Selection Committee rules require that the Board’s vote be cast by its presiding officer (President) or an alternate member of the Board appointed by the other members (Vice President).

San Diego LAFCO consists of an eight-(8)-member Commission. It is composed of two (2) members of the County Board of Supervisors, chosen by the Board; two (2) members representing Cities in San Diego County, chosen by a City Selection Committee composed of the Mayor of each City in the County; two (2) members representing the Independent Special District Selection Committee composed of the presiding officer or a designated alternate Board member from each independent Special District in the County; one (1) member of the San Diego City Council, chosen by that body; and one (1) public member, chosen by the other members of the Commission.
POLICY 117 – INVESTMENTS

Introduction
The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The ultimate goal is to enhance the economic status of South Bay Irrigation District (District) while protecting its funds.

The Board of Directors (Board) and, upon formal delegation, the Treasurer for the District, duly authorized to invest District monies by California Government Code, are trustees of District funds, and therefore, fiduciaries subject to the prudent investor standard.

The investment policies and practices of the Board and Treasurer for the District are based upon limitations placed on it by governing legislative bodies.

These policies have three (3) primary goals:

- To assure compliance with all federal, state, and local laws governing the investment of monies under the control of the Treasurer.
- To protect the principal monies entrusted to this organization.
- To generate the maximum amount of investment income within the parameters of this Investment Policy, while meeting the daily cash flow demands of the District.

Scope
It is intended that this policy cover all funds and investment activities under the direct authority of the District.

Objective
Safety: It is the primary duty and responsibility of the Treasurer to protect, preserve, and maintain cash and investments placed in his/her trust. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institution default, broker/dealer default, or erosion of market value of securities. The Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral. The objective will be to mitigate credit risk and interest rate risk.

Credit Risk: The District will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
• Limiting investments to the types of securities listed in the Authorized Investment Instruments section of this Investment Policy.
• Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business.
• Diversifying the investment portfolio so that the impact of potential losses from any one (1) type of security or from any one (1) individual issuer will be minimized.

Interest Rate Risk: The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by:

• Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
• Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and limiting the average maturity of the portfolio in accordance with this policy.

Liquidity: The secondary consideration of the Treasurer is to insure an adequate percentage of the portfolio will be maintained in liquid short-term securities, which can be converted to cash, if necessary, to meet disbursement requirements.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

Return on Investment: The third consideration of the Treasurer is to achieve a reasonable return on investment (yield) only after the basic requirements of safety and liquidity have been met.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in
anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

**Market-Average Rate of Return:** The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, state and local laws, and ordinances or resolutions that restrict investments. The District's investment strategy is passive (hold investment to maturity). Given this strategy, the market average rate of return is defined as the average return on six (6)-month U.S. Treasury bills.

**Diversification:** The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

**Prudence:** The District adheres to the prudent investor rule, California Government Code Section 53600.3, which obligates a fiduciary to insure that: “When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, 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 District. Within the limitations of this section and considering individual investments as part of an overall strategy, investment may be acquired as authorized by law.”

**Public Trust:** All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.
Maximum Maturities: To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than two (2) years from the date of purchase.

Reserve funds may be invested in securities exceeding two (2) years (but no more than five [5] years) if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Delegation of Authority
The investment of the District idle monies, per this policy, is annually delegated to the Treasurer by the Board, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Treasurer may delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. The Treasurer will review all transactions on a regular basis to assure compliance with this Investment Policy.

Reporting
The Treasurer will submit a monthly investment report to the Board. This report will include: type of investment, institution, date of maturity, amount of deposit/par value, book value, current market value of all securities with a maturity in excess of twelve (12) months, rate of interest, statement relating the report to this Investment Policy, statement that there are sufficient funds to meet the next one hundred eighty (180) days obligations. Additional items listed will also include average weighted yield, weighted average days to maturity and percent distribution to each type of investment and any funds under management by contracted parties.

Authorized Investments Instruments
The District is governed by the California Government Code, Sections 53600 et seq. Within the context of these limitations, the following investments are authorized:

Managed Pools: The District may invest in the Local Agency Investment Fund (LAIF) (maximum determined by state law, currently $65 million), a county treasurer's pooled money fund pursuant to Government Code Section 53684), as well as managed pools rated a minimum of “AA” by one (1) major rating agency, as permitted under California Government Code Sections 53601. The Treasurer will thoroughly investigate the investment policies and management practices of each investment alternative prior to investing funds as well as perform a detailed quarterly review if funds are ultimately deposited to ensure purchased securities are in compliance with the Government Code. With the exception of LAIF, no more than twenty (20) percent of the District’s funds may be held by any one (1) pool.
Bankers' Acceptances: The District may invest funds in prime self-liquidating bankers’ acceptances limited to banks rated a minimum of "A" by either Moody’s Investor Service, Inc., Standard & Poor’s, or Fitch Financial Services, Inc. (Fitch). The maximum investment maturity will be restricted to one hundred eighty (180) days as per Government Code Section 53601 (g). Maximum portfolio exposure will be limited to twenty (20) percent.

Bank Demand: The District may invest in a bank's savings and/or demand deposit account. These accounts must be covered by Federal Deposit Insurance Corporation (FDIC) regulations of $250,000 per account plus one hundred ten (110) percent collateral rule (Government Code Section 53652 [a].) The maximum portfolio exposure is limited to five (5) percent.

Treasury Securities: The District may invest funds in the United States Treasury notes and bills for which the faith and credit of the United States are pledged for the payment of principal and interest. Because these investments are the safest possible, there is no maximum portfolio limit. Maximum investment maturities will be restricted to five (5) years. The purchase of zero (0) coupon, strips, or deep discount treasury bonds is not permitted.

Repurchase Agreements: The District may invest funds (Government Code Section 53601 [j]) in overnight and term repurchase agreements (sweep accounts) with banks or Primary Dealers rated "A" or better by either Moody’s Investor Service, Inc., Standard & Poor’s, or Fitch with which the District has entered into a master repurchase agreement. This agreement will be modeled after the Public Securities Association master repurchase agreement. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis by the Treasurer and/or Deputy Treasurer and will not be permitted to fall below one hundred two (102) percent of the value of the repurchase agreement. Collateral shall not include strips, zero (0)-coupon instruments or instruments with maturities in excess of five (5) years. The right of substitution will be granted, provided that permissible collateral is maintained.

In order to conform with the provision of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are U.S. Treasury obligations. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy.
insolvency, or other default of the counterparty. Maximum portfolio will be limited to twenty (20) percent and maturities that do not exceed one (1) year.

**Certificates of Deposit:** The District may invest funds in collateralized and/or insured (FDIC) negotiable certificates of deposits issued by commercial banks and savings and loans. A written depository contract is required with all institutions that hold the District’s deposits. Securities placed in a collateral pool must provide coverage for at least one hundred ten (110) percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651 (m). All banks are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the one hundred ten (110) percent collateral rule (Government Code Section 53652 [a]), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. No bank that has a Moody's Investors Service, Inc., Standard and Poor's, or Fitch rating less than "A" shall receive District funds.

All banks which have accounts of the District in excess of $250,000 are required to provide annual information regarding compliance to the Community Reinvestment Act. Banks are required to maintain a minimum rating of "satisfactory" as defined under the Financial Institutions Recovery, Reform, and Enforcement Act of 1989.

As per Section 53638 of the California Government Code, any deposit shall not exceed that total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

Maximum portfolio exposure is limited to thirty (30) percent. Maximum investment maturity will be restricted to two (2) years.

**Placement Service Certificates of Deposit:** The District may invest in certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The combined maximum portfolio exposure to Placement Service Certificates of Deposit and Negotiable Certificates of Deposit is limited to fifteen (15) percent.

**Agencies:** The District is permitted to invest in the obligations, participations, or other instruments of the following discount and coupon security issuers: Small
Business Administration (SBA), Farm Credit Consolidated System (FCCS); Federal Home Loan Banks (FHLB); Federal Home Loan Mortgage Corporation Obligation (FHLMC PC); Government National Mortgage Association (GNMA); Federal National Mortgage Association (FNMA); Federal Farm Credit Bank (FFCB); Tennessee Valley Authority (TVA); and Federal Land Bank (FLB). Maximum maturity is limited to five (5) years. Maximum portfolio exposure is limited to seventy (70) percent.

Money Market Funds: Composition of the fund is limited to investments that are authorized by this Investment Policy. Funds must have the highest rating (AAA) by two (2) of the three (3) largest nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five (5) years' experience investing in the securities and obligations authorized by this Investment Policy and with assets under management of five hundred million dollars($500,000,000). Any fund shares purchased will not include any type of commission (Government Code Section 53601 [l]). Maximum portfolio exposure is limited to twenty (20) percent.

Commercial Paper: Investment is limited to the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet either one (1) of the following criteria:

- The corporation shall be organized and operating within the United States; shall have total assets in excess of five hundred million dollars ($500,000,000); and shall issue debt other than commercial paper, if any, that is rated in a rating category of "A" (Government Code Section 53601 [h]) or its equivalent or higher by a nationally recognized statistical-rating organization.

- The corporation shall be organized within the United States as a special purpose corporation, trust, or limited liability company; have program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally rated statistical-rating organization.

Eligible commercial paper may not exceed two hundred seventy (270) days maturity nor represent more than twenty-five (25) percent of the District's total investment portfolio, and no more than ten (10) percent of outstanding commercial paper may be purchased from any single issuer (Government Code Section 53601 [h].)
Joint Powers Authority: The District may invest funds in shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, provided that the joint powers authority issuing shares has retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, has assets under management in excess of five hundred million dollars ($500,000,000), and has at least five (5) years of experience investing in securities authorized under Government Code Section 53601. No more than twenty (20) percent of the District's funds may be held by any one (1) pool.

Derivatives
A derivative is defined as a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or reference rate. The purchase of yield curve notes, interest only, principal only, range notes, and inverse floaters are prohibited (this list is not intended to cover all types of securities and is presented as an example of the types of securities that should be avoided). Callable bonds or notes are permitted investments. No security will be purchased that could result in a zero (0) interest accrual if held to maturity.

Portfolio Limitations
The total dollar amount of bond proceeds invested in Investment Pools, U.S. Treasury Notes, and investment contracts are to be excluded from the total used to calculate percentages for investment types.

The weighted average days to maturity of the total portfolio excluding Government National Mortgage Association (GNMA) investments shall not exceed five hundred forty (540) days to maturity.

In the event that the percentage limits attributable to each security type are violated due to a temporary imbalance in the portfolio, the Treasurer will make a determination as to the appropriate course of action. The appropriate course of action may be to liquidate securities to rebalance the portfolio or to hold the securities to maturity in order to avoid a market loss. Portfolio percentages are in place to ensure diversification of the investment portfolio and as such a small temporary imbalance would not violate this basic tenet. When a portfolio percentage is exceeded, the Treasurer will report the violation in the Treasurer's Report at the next regularly scheduled Board meeting, with detail of the strategy determined to address the imbalance, for Board ratification.

In the event that an investment originally purchased within policy guidelines is downgraded by any one (1) of the credit rating agencies, the Treasurer shall report it at the next regularly scheduled Board meeting.
Other Considerations
When securities of like credit quality, maturity, and price are available, it is the policy of the District Board to invest in securities issued by domestic based entities.

Ineligible Investments
Investments not described herein, including, but not limited to, common stocks, futures and option writings, are prohibited from use in this portfolio. The use of short positions is also prohibited.

Internal Controls
A system of internal controls shall be established and documented in writing by the Treasurer. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the District. Controls deemed most important include: control of collusion, separation of duties and administrative controls, separating transaction authority from accounting and recordkeeping, custodial safekeeping, clear delegation of authority, management review and approval of investment transactions, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized Investment Officials, documentation of transactions and strategies, and code of ethical standards. The Treasurer will establish an annual process of independent review by an external audit firm. This review will provide assurances of strong internal controls by reviewing compliance with previously established policies and procedures; the result of this review will be part of the annual audit report to the Board.

Qualified Banks and Securities Dealers
The District will conduct business only with banks, savings and loans, and registered investment securities dealers. The District's staff will conduct business with institutions that agree to abide by the conditions set forth in the District's Investment Policy. All brokers and/or dealers must sign the appropriate Information Request Form.

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of ten million dollars ($10,000,000) and at least five [5] years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and brokers/dealers who desire to become qualified for investment transactions must supply the following as appropriate:
• Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
• Proof of National Association of Securities Dealers (NASD) certification (not applicable to certificate of deposit counterparties)
• Proof of state registration
• Completed broker/dealer questionnaire (not applicable to certificate of deposit counterparties)
• Certification of having read and understood and agreeing to comply with the (entity's) investment policy
• Evidence of adequate insurance coverage

An annual review of the financial condition and registration of all qualified financial institutions and brokers/dealers will be conducted by the investment officer.

A current audited financial statement is required to be on file for each financial institution and brokers/dealers authorized to provide investment services to the District.

Risk Tolerance
The District recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in the selection of securities, as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by investing to a shorter term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied on a more cost-effective basis. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the six (6)-month Treasury Bill yield. Any level of return above this measure should be reviewed in order to ensure that such investments meet the criteria previously specified.

In addition to these general policy considerations, the following specific policies will be strictly observed:
• All transactions will be executed on a delivery-versus-payment basis except for purchase of certificates of deposit when purchased through a registered investment securities dealer.

• A competitive bid process (two [2] or more brokers/dealers), when practical, will be used to place all investment purchases and sales.

Safekeeping and Custody
To protect against potential losses caused by the collapse of a security dealer(s), all book-entry securities owned by the District, including repurchase agreement collateral, shall be kept in safekeeping with "perfected interest" by a third party bank trust department, acting as agent for the District under the terms of a written custody agreement executed by the bank and the District. All securities will be received and delivered using standard delivery-versus-payment procedures.

Ethics and Conflicts of Interest
Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District’s portfolio. Employees and officers shall subordinate their personal investment transactions to those of the District, particularly with regard to the time of purchases and sales, and should avoid transactions that might impair public confidence.

Investment Policy
This Investment Policy shall be reviewed and submitted annually to the Board to be adopted by resolution.
GLOSSARY OF TERMS

**Average weighted yield** - The accumulative yield of each security weighted by the security's dollar value as compared to the total value of all the securities.

**Banker's Acceptance** - A letter of credit is issued in a foreign trade transaction. For example, a U.S. corporation planning to import goods from abroad will ask its bank to issue a letter of credit on behalf of the corporation in favor of the foreign supplier. Upon receipt of this letter and draft, the supplier will ship the goods and present the draft at its bank for discounting. The foreign bank then forwards the draft to its U.S. correspondent. The draft is stamped "accepted" with the U.S. bank incurring an obligation to pay the draft (now a bankers' acceptance) at maturity. Initial maturities range from thirty (30) to two hundred seventy (270) days, but the short-term ninety (90)-day acceptance is the market standard.

**Book-entry securities** - Securities that are purchased, sold, and held with electronic computer entries rather than transfer of physical certificates.

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

**Callable Bonds or Notes** - Bonds or Notes may be repurchased at the option of the issuer within a specified period at a specified price. Early redemption of high-coupon bonds and/or notes occurs whenever interest rates subsequently decline (i.e., thirty [30]-year GNMA Notes).

**Certificate of Deposit (CD)** - A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

**Collateralization** - The act of securing or guaranteeing the discharge of an obligation with anything such as stocks or bonds.

**Commercial Paper** - Negotiable corporate debt, usually unsecured, and issued on a continuous basis for short time frames.

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

**Deep Discount Treasury Bonds** - A price well below par or a security selling at a price well below par (i.e., ninety percent [90%]).
**Delivery-versus-payment basis** - Funds are not wire-transferred until the securities are delivered. If the transfer is accomplished through the federal wire system, the investor is notified before cash is released. If a third party acts as custodian, funds are released by the custodian or the customer only when delivery is accomplished.

**Derivatives** - A financial instrument that derives its cash flows, and therefore, its value, by reference to an underlying instrument, index, or reference rate.

**Liquid short-term securities** - A security which is instantly negotiable at par value. A checking account, demand deposit, money market funds, and state investment pools with check writing features are very liquid.

**Liquidity** - The ability to convert securities into cash on short notice. Liquidity incorporates a security holder's ability to sell an instrument without significant loss, as well as other factors that might expedite quick exchange for cash.

**Market Value** - The price that a security can be expected to bring when sold in a given market.

**Market-average rate of return** - The average return on a six (6)-month U.S. Treasury Bill.

**Option-writing** - To supplement income generated from a bond portfolio, an option against securities held in the portfolio is written (sold).

**Perfected Interest** - In the event of a default of a repurchase agreement by the dealer, the District has the first right of liquidity.

**Prime self-liquidating banker’s acceptance** - The banker's acceptance will be liquidated at maturity from the proceeds of the sale of goods which distinguishes self-liquidating acceptance from those used only to finance inventories.

**Prudent Person Rule** - An investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Repurchase Agreement (Repo)** - A contractual transaction between an investor and an issuing financial institution (bank or securities dealer). The investor exchanges cash for temporary ownership or control of collateral securities, with an agreement between the parties that, on a future date, the financial institution will repurchase the securities.
The investor receives interest during the term of the repurchase agreement as agreed at the time of the investment transaction.

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

**Secondary markets** - The market for trading already issued outstanding securities.

**Strips** - A book-entry ownership of separate segments (interest and principal payments) of certain Treasury Bonds and its coupons.

**Sweep** - A daily transfer of available cash balances from a demand deposit (checking) account to an interest-earning vehicle such as an overnight repurchase agreement.

**Treasury Bills** - A short-term obligation of the U.S. Treasury having a maturity period of one (1) year or less and sold at a discount from face value.

**Treasury Notes** - An intermediate-term obligation of the U.S. Treasury having a maturity period of one (1) to ten (10) years and paying interest semiannually.

**Weighted average days to maturity** - The accumulative days of each security between the reporting date and maturity of the security weighted by the security's dollar value as compared to the total value of all the securities.

**Yield** - The rate of annual income return on an investment, expressed as a percentage. (A) Income Yield is obtained by dividing the current dollar income by the current market price for the security; and (B) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Zero coupon** - A bond without current interest coupons sold at a substantial discount from par that provides its return to investors through accretion in value at maturity.
POLICY 118 – ATTENDANCE AT MEETINGS

POLICY

Members of the South Bay Irrigation District (District) Board of Directors (Board) shall attend the full session of all Regular and Special meetings of the Board unless there is good cause for absence. As a courtesy, any Director who believes he or she will be absent from any meeting should notify the Board Secretary of such absence. In the event a Director plans to be absent for a period of time (vacations, illness, etc.), that would cause him or her to be absent for a Special meeting, a "Waiver of Personal Notice of Special Meeting" should be completed and signed, and filed with the Board Secretary in accordance with Government Code Section 54956.

PROCEDURE

In accordance with Government Code section 1770, a vacancy shall occur if any member ceases to discharge the duty of his or her office due to the happening of certain events before expiration of the term, including but not limited to:

A. His or her absence from the state without the permission required by law beyond the period allowed by law.

B. His/her ceasing to discharge the duties of his or her office for the period of three (3) consecutive months, except when prevented by sickness, or when absent from the state with the permission required by law.

In addition, pursuant to Government Code Section 1062, no state or municipal officer shall be absent himself or herself from the state for more than sixty (60) days, unless either:

A. Upon business of the state or the municipality.

B. With the consent of the Legislature or the Governing Body of the municipality.

Failure to attend the full session of all Board meetings for three (3) consecutive months is not an automatic disqualification from office; however, it would be evidence of the absent Director ceasing to discharge the duties of his or her office and of a misuse of public resources if a Director receives Director’s Fees and attends only partial meetings. (Penal Code § 424) If no reasonable explanation or excuse for the absence is provided, the office shall be considered vacant. In addition, failure to attend meetings while absent from the state for more than sixty (60) days without the consent of the Board shall create a vacancy.
POLICY 119 – PER DIEM AND REIMBURSEMENT

POLICY

Members of the Board of Directors (Board) shall receive per diem, specified herein as “Director’s Fees,” for occasions that constitute the performance of official duties, in an amount that is established by the Board in accordance with state law and for the actual and necessary expenses incurred in the performance of such official duties. The Per Diem and Reimbursement Policy set forth herein shall be read in conjunction with Policy 120 for Training, Education and Conferences and Meetings of Other Agencies.

PROCEDURE

Director’s Fees in the amount of $100 per day, as established by the Board in accordance with Water Code Sections 20200-20207, shall be paid for attendance at the following:

A. Regular, Special, or Adjourned meetings of the Board.
B. Board Committee meetings.
C. Meetings of other organizations, where such attendance constitutes the performance of a Director’s official duties, as provided for by Policy 120; however, Directors shall not receive Director’s Fees for travel days immediately preceding and/or following the day on which a conference or meeting is held.
D. Designated functions at the direction of the Board by motion, either prior to the function or at the next regular Board meeting following the function.

Directors will not receive a Director’s Fee or payment of actual and necessary expenses for attendance at: a) more than one (1) authorized event per day or b) meetings of other organizations as provided for by Policy 120, unless the Board approves such attendance either prior to the function or at the next regular Board meeting following the function. Total per diem, or Director’s Fees, shall not exceed ten (10) days in any calendar month.

Directors who attend meetings of organizations other than District Board or Committee meetings by the use of teleconferencing or the Internet (i.e., online) shall not receive a Director’s Fee unless:

1) the Director is unable to attend in person because of health or personal emergency, or
2) the Director chooses not to attend in order to save the Authority the expense of travel to the meeting, the Director’s Fee is approved in accordance with Policy 120, and teleconferencing/online participation is approved in advance by the Board, or
3) the Director is participating in a legally required training function with an approved vendor of the State of California provided the Director submits a certificate of

Revised and Approved on 6/12/19
completion, or
4) the meeting is only available by teleconferencing or internet and the Director's Fee is approved in accordance with Policy 120, or
5) the Director is an appointed District representative to an organization and that organization’s meeting is available by teleconferencing or the Internet.

At the end of each month, Directors are to submit to the Board Secretary a signed “Director’s Monthly Per Diem and Mileage Reimbursement” form documenting the meetings attended during the month and the corresponding mileage to be reimbursed, if any.

Water Code Section 20202 provides that a water district may increase the amount of compensation which may be received by members of the Board above the amount of $100 per day, so long as the increase does not exceed an amount equal to five percent (5%) for each calendar year following the operative date of the last adjustment of compensation. Section 20202 authorizes compensation for no more than a total of ten (10) days in any calendar month.

The District will pay actual and necessary expenses of Directors incurred in the performance of official duties within San Diego County as contemplated by Policy 120; including registration, tuition, meals, incidental expenses, and each mile actually traveled by a Director in his or her private automobile for attendance of any Director specifically designated or approved by the Board to attend an event within San Diego County. Reimbursement per mile to be equal to the standard rate in effect for business miles deduction by the United States Internal Revenue Service, as such rate is established from time to time.

A Director will receive reimbursement for each mile actually traveled in his or her private automobile while attending meetings outside of San Diego County when acting under orders of the Board, provided such mileage compensation does not exceed economy class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination. Reimbursement per mile to be equal to the standard rate in effect for business miles deduction by the United States Internal Revenue Service, as such rate is established from time to time.

If a Director chooses to travel in his or her private automobile rather than by scheduled airline, while attending meetings outside of San Diego County when acting under orders of the Board, and the distance traveled requires more than eight (8)-hours driving; mileage, overnight lodging and three (3) meals will be reimbursed to the Director, provided that such reimbursement does not exceed the cost of economy class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination.

If two (2) or more Directors travel in the same car, the Director driving will receive full mileage reimbursement, provided that said mileage does not exceed the cost of economy
class airfare plus normal cost for transportation to and from the airport at the point of
departure and the airport at the destination for all the Directors who traveled in the same
car.

Directors should travel together whenever feasible, but not in a number that would
constitute a quorum of the Board, and economically beneficial, and register sufficiently in
advance, when possible, to obtain discounted travel, lodging, tuition, and registration
expenses.

In no event shall a Director receive from the District compensation for out-of-town travel
expenses, including, but not limited to, airfare, car rental when appropriate, lodging,
registration, meals, incidental expenses, or miles traveled in his or her private automobile,
unless such out-of-town travel is pre-approved by order of the Board. Directors are
encouraged, whenever feasible, to provide fifteen (15) day advance notice for air travel to
the Board Secretary. The cost of alcoholic beverages will not be paid by the District.

Frequent flyer miles accumulated by Directors for airfare paid for, or reimbursed, by the
Authority, should be redeemed for discounts on future airfare paid for, or reimbursed, by the
Authority, and may not be redeemed for personal use. If any Director requires special travel
accommodations due to a disability or health-related reasons, the Authority will pay all costs
associated with those special accommodations.

Actual and necessary expenses for accommodations and meals incurred by Directors while
attending meetings outside of San Diego County when acting under orders of the Board will
be reimbursed as provided in this Policy. Reimbursement shall be permitted for travel
expenses, including accommodations and meals, incurred on the day immediately
preceding or immediately following an approved meeting or conference held outside of San
Diego County when travel on the actual day of the meeting or conference is infeasible.
Except as otherwise provided herein, the maximum reimbursement for lodging costs shall
be two hundred twenty-five ($225) per day, including taxes. However, if the lodging is in
connection with a conference or organized, educational activity conducted in compliance
with this Policy, the District will pay lodging costs which do not exceed the maximum group
rate published by the conference or activity sponsor, provided that the lodging at the group
rate is available to the Director at the time of booking. If the group rate is not available, the
District will pay for comparable lodging at an amount not to exceed the maximum group rate
published by the conference or activity sponsor. The maximum reimbursement for meals
(breakfast, lunch, and dinner) not included in the conference registration shall be seventy-
five dollars ($75) per day. Reimbursement for tips and gratuities shall be limited to twenty
percent (20%) of the underlying costs. Upon the request of a Board member, the Board
may authorize actual and necessary expenses for accommodations and meals, which
exceed the policy limits.

Directors shall use government and group rates offered by a provider of transportation or
lodging services or travel and lodging, when available.
The Board Secretary may arrange for certain group travel including prepaying the fares, fees, tips, and gratuities. There shall be no reimbursement for fares, fees, tips, or gratuities paid by Directors if these were prepaid by the Authority.

Actual and necessary expenses for meals incurred by Directors while attending meetings within San Diego County, and meetings outside San Diego County which do not involve lodging, when acting under orders of the Board, will be reimbursed. The maximum reimbursement for said meals not included in conference registration shall be seventy-five dollars ($75) per day.

For conferences and events for which costs and expenses are prepaid by the District, Directors unable to attend the conference or event due to illness or scheduling conflict will notify the Board Secretary as soon as possible to ensure credit or reimbursement of costs from the conference or event sponsor. If reimbursement is not possible, the Board Secretary shall contact other Directors to determine if they can attend. The Board Secretary will also inquire through the General Manager if staff members can attend.

Within thirty (30) days following an event which constitutes the performance of official duties as designated in Policy 120, and for which the payment of actual and necessary expenses has been approved, any Director attending must submit a signed “Director’s Expense Reimbursement” form together with valid receipts, to the Board Secretary and return any excess funds advanced for attendance of the event. Eligible expenses, for which receipts are not available, will be reimbursed with an explanation included in the expense report for accounting backup. If actual and necessary expenses incurred by a Director exceed the amount of any advance, the District will reimburse the Director for excess expenses within ten (10) days of receipt of the expense report.

The Board Secretary shall distribute a quarterly report containing Directors’ expenses reimbursed under this Policy. The reports shall be presented to the Board at the meetings of January, April, July, and October.
POLICIES & PROCEDURES
FOR THE BOARD OF DIRECTORS
TRAINING, EDUCATION,
AND CONFERENCES; MEETINGS
OF OTHER AGENCIES
Policy 120

POLICY 120 – TRAINING, EDUCATION, AND CONFERENCES; MEETINGS OF OTHER AGENCIES

POLICY

The Board of Directors (Board) finds that it is beneficial to the District for the Board to increase its knowledge of matters within the subject-matter jurisdiction of the Board. To this end, members of the Board are encouraged to attend educational conferences and professional meetings concerning matters within the subject-matter jurisdiction of the Board and which activities constitute the performance of official duties. To the maximum extent feasible and practical, Directors attending such conferences and/or meetings will attend for the time frame that they are registered and engage with staff and the public. The Training, Education and Conferences policy set forth herein shall be read in conjunction with Policy 119 for Per Diem and Reimbursement.

PROCEDURE

There is no limit as to the number of Directors attending a particular conference or seminar when meetings are within the scope of Government Code Section 54952.2(c)(2) and it is apparent that their attendance is beneficial to the District. To promote such Board development and excellence, the District reimburses actual and necessary expenses incurred on behalf of the District in the performance of official duties, such as travel, tuition, lodging, meals, incidental expenses, and each mile actually traveled by a Director in his or her private automobile as a result of training, educational courses, participation with professional organizations, and attendance at conferences, in accordance with Policy 119. In no event shall a Director receive from the District such compensation for out-of-town travel expenses, unless such out-of-town travel is pre-approved by order of the Board. The cost of alcoholic beverages will not be paid by the District. Reimbursement shall be permitted for travel expenses, including accommodations and meals, incurred on the day immediately preceding or immediately following an approved meeting or conference held outside of San Diego County when travel on the actual day of the meeting or conference is infeasible as provided in Policy 119; however, Directors shall not be entitled to Director’s Fees for such travel day(s).

The Board Secretary is responsible for making arrangements for Directors to attend conferences and to record and calculate the per diem or “Director’s Fees” as set forth in more detail in Policy 119. The Director’s Fees for attendance at approved events and the procedure for reimbursement of actual and necessary expenses incurred in the performance of official duties are set forth in Policy 119.

Attendance by Directors at meetings, seminars, workshops, and conferences (other than those that are already pre-approved as designated events which constitute the performance of official duties) shall be approved by the Board prior to payment of Director’s Fees or
incurs any reimbursable actual and necessary expenses. A Director shall not attend a conference or training event (other than those that are already pre-approved as designated events which constitute the performance of official duties) that does not cover matters within the subject-matter jurisdiction of the Board.

Upon returning from meetings, seminars, workshops, conferences, and other occasions which constitute the performance of official duties for which Directors receive Director’s Fees and the actual and necessary expenses are reimbursed by the District, in accordance with Policy 119, Directors shall either prepare a written report for distribution to the Board, or make a verbal report at the next regular Board meeting following the event. Said written or verbal report shall detail the information that may be of benefit to the District that was presented at the meeting, seminar, workshop, conference, or other occasion which constitutes the performance of official duties. Materials from the meetings, seminars, workshops, conferences, and other occasions which constitute the performance of official duties may be delivered to the District’s office to be included in the District’s library for the future use by other Directors and staff.

Directors who have signed up for an event, and subsequently cannot attend, shall contact the Board Secretary as soon as possible to ensure credit or reimbursement of costs from the conference or event sponsor. If reimbursement is not possible, the Board Secretary shall contact other Directors to determine if they can attend. The Board Secretary will also inquire through the General Manager if staff members can attend.

Directors’ attendance at trainings, conferences, educational events and open and noticed board and membership meetings of the following associations has been pre-approved by Resolution 587 as occasions that constitute the performance of official duties:

A. California Special Districts Association, both state and San Diego Chapter (CSDA)  
B. Council of Water Utilities, San Diego County  
C. San Diego County Water Authority (SDCWA)  
D. Local Agency Formation Commission (LAFCO)  
E. Water Conservation Garden Authority Board Meeting (designated Director)  
F. Association of California Water Agencies – Joint Powers Insurance Authority (ACWA/JPIA) (designated Director)  
G. Chula Vista Chamber of Commerce Utility Committee (designated Directors)

Attendance at events organized by agencies and/or entities other than the District involving tours of, or visits to, local water reclamation, major projects related to water quality and distribution, or other engineering projects during construction or after completion of the project may also be occasions which constitute the performance of official duties, so long as attendance is approved by the Board as an agendized action, either prior to the visit or
at the next regular Board meeting following the visit. Directors may be compensated for attendance and travel for the purpose of visiting such projects as approved by the Board. Completion of legally required training functions may be conducted online with an approved vendor or the State of California provided the Director submits a certificate of completion.

The compensation paid to Board members of the District for sitting on the Board or acting under its orders shall be approved by Resolution of the Board of Directors and set forth in Policy 119.
TO: South Bay Irrigation District Board
FROM: Management
DATE: April 3, 2020
SUBJECT: Second Review of Board Policies and Procedures (Policies 101 through 110)

SUMMARY
The attached SBID Board Policies 101 through 110 are presented to the Board for review. Legal counsel has reviewed the policies and has a recommended change for Policy 104 and 110. The General Manager defers to the Board for their recommended changes.

<table>
<thead>
<tr>
<th>POLICY</th>
<th>ADDITIONS/MODIFICATIONS/COMMENTS</th>
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<tbody>
<tr>
<td>101-103, 105, 108, and 109</td>
<td>No recommended changes</td>
</tr>
<tr>
<td>104</td>
<td>Recommended changes: In subsection L, change the word “Authority” to “District”</td>
</tr>
<tr>
<td>106</td>
<td>Recommended change: Remove Assistant General Manager from paragraph three, second sentence</td>
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<tr>
<td>107</td>
<td>Recommended changes: Add clarifying language to second paragraph, second sentence</td>
</tr>
<tr>
<td>110</td>
<td>Recommended changes: Updated legal citation and added reference to California Elections Code Section 2200</td>
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</table>

PAST BOARD ACTIONS
February 12, 2020 Recommended modifications to Policies 106, 107, and 110; and directed that the policies be brought back to the Board for further discussion
July 10, 2019 Approved Policies 120, 122, 123, 201, and 202-207
June 12, 2019 Approved Policies 111 through 116 and 118 through 121
February 13, 2019 Approved Policies 101 through 110

FISCAL IMPACT
The fiscal impact is unknown at this time and will be based on time charged for legal counsel’s review.
POLICY
Board Policy 103, Adoption/Amendment of Policies and Procedures, establishes guidelines to adopt and amend policies and procedures in the Policies and Procedures Manual of the Board of Directors of South Bay Irrigation District. Although Policy 103 doesn’t specify when to review the policies, it is recommended that the Board review its Policies and Procedures on a periodic basis.

ALTERNATIVES
1. Provide input on Policies 101 through 110 and direct staff to make modifications as directed by the Board of Directors.

2. Approve Policies 101 through 110 as presented.

RECOMMENDATION
Staff seeks the direction of the Board of Directors.
POLICY 101 – OFFICIAL SEAL

POLICY

The Board of Directors of South Bay Irrigation District passed Resolution No. 3, on March 27, 1951, adopting the official seal of South Bay Irrigation District.

PROCEDURE

The following design shall constitute the official seal of South Bay Irrigation District:

The seal is comprised of two concentric circles. The diameter of the seal is 1-5/8-inch with the outer perimeter of the circle encompassed with a braided rope design. The distance between the outer and inner circle is ¼-inch containing the words “SOUTH BAY IRRIGATION DISTRICT” inscribed around the top of the inside circle and a “♥” design inscribed at the bottom. In the center of the dotted–lined circle, which is one-inch in diameter, the word “ORGANIZED” is inscribed around the top inner portion of the circle, with the words “MARCH 1951” inscribed around the bottom inner portion. The very center of this circle also contains a symbol that resembles a small turnbuckle.
POLICY 102 – PURPOSE OF BOARD POLICIES

POLICY

It is the intent of the Board of Directors of South Bay Irrigation District (District) to maintain a Policies and Procedures Manual. It shall contain a comprehensive listing of the Board’s current policies and procedures, constituting the rules and regulations enacted by the Board from time to time.

PROCEDURE

The Policies and Procedures Manual will serve as a resource for the Directors, staff, and members of the public in determining the manner in which matters of District business are to be conducted.

If any policy or portion of a policy contained within the Policies and Procedures Manual is in conflict with rules, regulations, or legislation having authority over the District, said rules, regulations, or legislation shall prevail.
POLICY 103 – ADOPTION/AMENDMENT OF POLICIES

POLICY

To establish guidelines to adopt or amend policies and procedures in the Policies and Procedures Manual of the Board of Directors of South Bay Irrigation District (District).

PROCEDURE

Consideration by the Board of Directors to adopt a new policy or to amend an existing policy or procedure may be initiated by a Director or the General Manager. The proposed adoption or amendment is initiated by submitting a written draft of the proposed adoption or amendment to each Director and the General Manager through the District’s office and requesting that the item be included for consideration on the agenda of a Regular Meeting of the Board of Directors.

Adoption of a new policy or procedure or amendment of an existing policy shall be accomplished at a Regular Meeting of the Board of Directors and shall require an affirmative majority vote of the Board of Directors.

Before considering adopting or amending any policy or procedure, Directors shall have the opportunity to review the proposed adoption or amendment prior to the meeting at which consideration for adoption or amendment is to be given.

Copies of the proposed policy or procedure adoption or amendment shall be included in the agenda information packet for any meeting of consideration. Pursuant to the Ralph M. Brown Act, the agenda information packets with said copies shall be made available to each Director for review at least seventy-two (72) hours prior to any meeting of consideration.
POLICY 104 – CODE OF ETHICS

POLICY

The Board of Directors (Board) of South Bay Irrigation District (District) is committed to providing excellence in legislative leadership that results in the provision of the highest quality of services to its constituents and to comply with all applicable state laws including AB 1234 approved in 2006.

PROCEDURE

In order to assist in the government of the behavior between and among members of the Board of Directors and staff, the following will be observed:

A. The dignity, style, values, and opinions of each Director shall be respected.

B. Responsiveness and attentive listening in communication are encouraged.

C. The needs of the District’s constituents should be the priority of the Board of Directors. When a Director believes he/she may have a conflict of interest, the Director may consult legal counsel to assist the Director in making a determination if one exists or not. If the Director determines that there is a conflict of interest or an appearance of a conflict of interest with respect to any official action that he or she needs to take as a Director, then the Director is responsible for disclosing such conflict and recusing himself or herself in accordance with applicable law and regulations.

D. The primary responsibility of the Board of Directors is the formulation and evaluation of policy and making financial decisions in a financially responsible manner, as required by law. Routine operational matters concerning the operational aspects of the District are generally to be delegated to professional staff members of the District for regular business; however, the Board may, under special circumstances, provide direction on operational matters on items under the Board’s consideration.

E. Directors should commit themselves to emphasizing the focused, relevant, thoughtful, positive contributions to the discussion and collaborative analytical process, avoiding double talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.

F. Directors should commit themselves to focusing on issues and not personalities or other prejudices. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.

G. Differing viewpoints are healthy in the decision-making process. Individuals have the
right to disagree with ideas and opinions in a courteous manner, without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and should not create barriers to the implementation of said action.

H. Directors should develop a working relationship with the General Manager wherein current issues, concerns, and District projects can be discussed comfortably and openly. In seeking clarification on informational items, Directors should approach the General Manager or Assistant General Manager to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.

I. In handling complaints from residents and property owners of the District, said complaints should be referred directly to the General Manager.

J. In handling items related to safety, concerns for safety, or hazards should be reported to the General Manager or Assistant General Manager.

K. In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager or legal counsel.

L. When approached by Authority District personnel concerning specific Authority District policy, Directors should direct the Authority District personnel to the General Manager. Directors may directly consult with the General Manager or legal counsel.

M. The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

N. When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.

O. Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively.

P. Directors are responsible for monitoring the District’s progress in attaining the goals and objectives, while pursuing its mission of continued existence to assure its residents of the right to purchase their fair share of available imported water.

Q. Directors who consistently ignore or violate these procedures may be subject to censure by the Board or removal from representing the Board at any activities where they might be designated by the Board as a representative of the District.
POLICY 105 – BOARD PRESIDENT AND VICE PRESIDENT

POLICY

The appointed President shall preside as President at all meetings of the Board of Directors (Board) of South Bay Irrigation District and perform such other duties as are specified by the Board of Directors. In the absence of the President, the Vice President shall serve as President over all meetings of the Board.

PROCEDURE

The Board shall hold an annual organizational meeting at its last regular meeting in December. The Board shall elect one of its members as President and another member as Vice President. The President’s term of office shall be one (1) year and until his/her successor takes office. The President’s authority is granted by the full Board and represents the full Board in any public announcements, and should speak on behalf of the Board only in support of the decisions of the full Board.

The President will have the same rights as the other members of the Board in voting, introducing motions, resolutions, and ordinances, and any discussion of questions that follow said actions. The President customarily has primary contact with the General Manager.

The Board shall elect one of its members as Vice President and at that time will also appoint the Treasurer, Deputy Treasurer, Controller, and Board Secretary for one-(1)-year terms. The Vice President’s term of office shall be one (1) year and until his/her successor takes office. The Vice President shall perform all the duties of the President in the absence of the President or in the event of the President’s inability to perform such duties and such other duties as are specified by the Board. If the President and Vice President are both absent, the remaining members present shall select one of themselves to act as President of the meeting.

As the presiding officer, the President must keep the meeting discussions aimed at agenda issues and move the Board along toward decisions.

The duties and responsibilities of the President include the following:

A. Preside over Board meetings.
B. Ensure that orders and resolutions of the Board are carried out.
C. Coordinate the work of officers of the Board and committees.
D. Call special meetings as the need arises.
E. Act as official spokesperson for the Board, unless authority is delegated.
F. Perform all other functions required by the office of President.
POLICY 106 – MEMBERS OF THE BOARD OF DIRECTORS

POLICY

To provide guidelines to members of the Board of Directors (Board), who are the unit of authority for South Bay Irrigation District (District). Apart from their normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act, or expenditure. Individual Board members, except as authorized by the Board, shall have no power to act for the District, or the Board, or to direct Management, the Board Secretary, Treasurer, and Controller. The Board President has the authority to act on behalf of the Board on both routine and unusual matters, which may, depending on the nature of the matter, be subject to ratification by the Board.

PROCEDURE

The Board shall be comprised of five (5) members elected by registered voters within their Divisions. They shall serve four-(4)-year terms.

Directors do not represent any fractional segment of the community but are, rather, a part of the body that represents and acts for the community as a whole.

Directors will thoroughly prepare themselves to discuss agenda items at meetings of the Board. Information may be requested from, or exchanged with, the General Manager or Assistant General Manager before meetings. Information that is exchanged before meetings will be distributed through the General Manager, and all Directors will receive all information being distributed. Copies of information exchanged before meetings shall be available at the meeting for members of the public in attendance, and shall also be provided to anyone not present upon their request.

Directors shall at all times conduct themselves with courtesy to each other, to staff, and to members of the public present at Board meetings.

Directors shall defer the conduct at the meetings of the Board to the President, but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board.

Directors may request for inclusion into minutes brief comments pertinent to an agenda item, only at the meeting that item is discussed (including, if desired, a position on abstention or dissenting vote).

Directors shall abstain from participating in consideration on any item involving a personal or financial conflict of interest. Unless such a conflict of interest exists; however, Directors should not abstain from the Board’s decision-making responsibilities.

Reviewed and Approved on 2/13/2019
Requests by individual Directors for substantive information and/or research will be channeled through the General Manager and through the Board if the request entails substantial effort or cost. Individual Board members shall not act independently to direct Management, the Board Secretary, Treasurer, or Controller in the performance of their duties, or to provide or compile data, information, or reports.
POLICY 107 – VACANCIES ON THE BOARD OF DIRECTORS

POLICY

When a vacancy occurs on the Board of Directors (Board) prior to the expiration of the Director's term, the remaining members of the Board must follow statutory procedures to appoint a replacement.

PROCEDURE

A vacancy on the Board is created upon the occurrence of any of the events set forth in Government Code Section 1770. A vacancy on the Board shall be filled according to Government Code Section 1780, which states that a vacancy may be filled by the remaining Directors, either by appointment or by calling an election, or, if the District has not made an appointment or called an election within sixty (60) days, by the County Board of Supervisors by appointment. The District shall notify the County elections official within fifteen (15) days of receiving notice of a vacancy or of the effective date of the vacancy, whichever is later.

The remaining Directors may appoint a member of the public to fill the vacancy within sixty (60) days of receiving notice of the vacancy or of the effective date of the vacancy, whichever is later. Notice of the vacancy must be posted in at least three (3) conspicuous places within the District, including at least one in the division in which the vacancy occurs, at least fifteen (15) days before the appointment is made by the remaining Directors. In addition, the Board at its option may cause notice of the vacancy to be published in one or more newspapers published within the County. Written applications and recommendations must be submitted to the District’s Secretary. The Board must notify the County elections official of the appointment no later than fifteen (15) days after the appointment is made.

Alternatively, the Board may call an election within sixty (60) days of receiving notice of the vacancy or of the effective date of the vacancy, whichever is later, to fill the vacancy, rather than making an appointment.

If the remaining Directors do not fill the vacancy by appointment or call an election to fill the vacancy within sixty (60) days, the County Board of Supervisors may fill the vacancy by appointment within ninety (90) days of the date the District received notice of the vacancy or of the effective date of the vacancy, whichever is later, or may order the Board to call an election to fill the vacancy.

If within ninety (90) days of the date the District received notice of the vacancy or of the effective date of the vacancy, whichever is later, the remaining Board members or the County Board of Supervisors have not filled the vacancy and no election has been called, the District Board must call an election to fill the vacancy.

If the vacancy occurs in the first half of a term of office and at least one hundred and thirty-five (135) days remain in the term, the District Board shall call an election to fill the vacancy.

Reviewed and Approved on 2/13/2019
(130) days prior to the next general district election, the person who is appointed to fill the vacancy shall hold office until the next general District election. The person elected or otherwise appointed to fill the vacancy shall hold office for the unexpired balance of the term of office. The appointed person must execute the required Oath of Office and file with the District a Statement of Economic Interest. To qualify as a Director, Water Code Section 21100 provides that, at the time of nomination or appointment and throughout his or her term, except as otherwise specifically provided by law the Director must be:

A. A registered voter in the District, and
B. A resident of the Division that he or she represents.

For purposes of requirement (B), a person’s residence shall mean his or her primary residence.

Pursuant to Water Code Section 21100.7, the general requirement that a Director of an Irrigation District be a landowner in the District does not apply to the South Bay Irrigation District.
POLICY 108 – DISTRICT GENERAL ELECTION OF DIRECTORS

POLICY

District Board member elections for South Bay Irrigation District (District) are held and consolidated with the statewide general election. District elections are subject to the requirements of the Uniform District Election Law.

PROCEDURE

General District Elections are held the first Tuesday after the first Monday in November in each even-numbered year. Pursuant to Elections Code Section 10404, the District Board has by resolution, required that its elections of governing body members be held on the same day as and consolidated with the statewide general election.

Pursuant to Water Code Section 20573, the District is subject to the provisions of the Uniform District Election Law, Elections Code Section 10500 et seq. The Uniform District Election Law states that, except as otherwise provided therein, the County Elections Official shall conduct the General District Election for the portion of the District located in the County.

State law requires that the District must provide certain information to the Registrar of Voters. The District is required to:

A. At least 125 days before the date fixed for a General District Election, deliver boundary maps (or verify the District’s Boundary Maps on file with the Registrar of Voters) showing District and division boundaries and a statement indicating in which divisions a Director is to be elected, or whether any elective officer is to be elected at large. (The Engineering Department of Sweetwater Authority verifies the maps for the District.)

B. On the 125th day before the date of a General District Election, deliver notice designating which elective offices are up for election. (The Board Secretary verifies and provides this information.)

C. On the 125th day before the date of a General District Election, deliver notice designating who will pay for publication of the Candidates’ Statements of Qualifications – the District or each Candidate. The statements are printed in the sample ballot pamphlet and mailed to all registered voters of the District. (The District has determined that each Candidate will pay for his/her own “Statement of Qualifications.”)

In addition, the District Secretary shall provide the Registrar of Voters with any other information required by law or necessary to conduct the General District Election. The Registrar of Voters will send the election packet of material to the District.
The packet includes:

A. A copy of the legal notice of election that should be posted in the District office by the Board Secretary, and

B. Forms for declaration of candidacy for District offices to be issued to candidates who wish to take out papers from the District’s office, if authorized by the Registrar of Voters. Completed forms for declaration of candidacy must be filed only in the office of the Registrar of Voters.

Completed forms for declaration of candidacy must be filed not later than 5:00 p.m. on the 88th day prior to the General District Election, except that if the incumbent Director does not file by the filing period designated, the filing period is extended for candidates other than incumbents until the 83rd day prior to the General District Election.

The District shall reimburse the County for the actual costs incurred by the Registrar of Voters in conducting the General District Election, as required by law.

- 2 -

Reviewed and Approved on
POLICY 109 – OATH OF OFFICE AND SEATING OF ELECTED DIRECTORS

POLICY

Section 21101 of the Water Code provides that Directors shall take office at noon on the first Friday in December following the general district election.

PROCEDURE

Pursuant to Section 21102 of the Water Code, prior to the first Friday in December following the general district election, each elective officer shall take and subscribe the official oath and file it in the office of the District.

Pursuant to Section 21560 of the Water Code, if an order is made according to that article which changes the number of divisions, the terms of office of all Directors shall expire at noon on the first Friday in December following the next general district election after the order. The Directors elected at that election shall be equal in number to the number of divisions, as changed, and these Directors shall take office following the procedures set forth in this Policy and, at their first meeting shall classify themselves and determine the length of their respective terms in the manner provided in subdivision (c) of Section 10505 of the Elections Code.
POLICY 110 – DIVISION BOUNDARIES

POLICY

The Board of Directors (Directors) of South Bay Irrigation District (District) is required to adjust the boundaries of each division after each federal decennial census, pursuant to Water Code Section 21065. In addition, the Board may adjust division boundaries upon making a determination by a two-thirds (2/3) vote that a sufficient change in population has occurred that makes it desirable in the opinion of the governing body to adjust the boundaries of any divisions, or whenever any territory is added by or excluded from the District. (Elections Code Section 22000)

PROCEDURE

Under the Irrigation District Law, Water Code Section 21550, Districts are divided into five (5) divisions, unless otherwise provided by the formation petition, by a petition signed by a majority of the holders of title to the land within the District who are also the holders of title to a majority in value of the land, pursuant to Water Code Section 21550 et seq., or by abolition of divisions by eligible Districts pursuant to Water Code Section 21575 et seq.

Following each federal decennial census, each District must, by resolution, adjust the boundaries of its divisions in compliance with California Elections Code Section 22000, as amended, so that the divisions are, as far as practicable, equal in population and in compliance with Section 1973(b) of Title 42 of the United States Code, as amended, to the extent applicable. In adjusting the boundaries of divisions, the Board may give consideration to the following factors:

1. topography,
2. geography,
3. cohesiveness, contiguity, integrity, and compactness of territory, and
4. community of interests of the District.

The resolution adjusting division boundaries must be adopted by a vote of not less than a majority of the Directors, and may not be adopted within one hundred eighty (180) days preceding the election of any Director.

In addition, pursuant to Elections Code Section 22000(h), the Board may adjust the boundaries of any divisions whenever the Board finds by a two-thirds (2/3) vote of the Board that a sufficient change in population has occurred that makes it desirable in the opinion of the Board to adjust the boundaries of any divisions, or whenever any territory is added by or excluded from the District. A discretionary adjustment of division boundaries by the Board pursuant to this authority may be appropriate when the Board determines it is desirable due to a change in population alone or in combination with other factors.

The Directors of adjusted divisions shall be determined as provided in Elections Code Section 22000(e).
## South Bay Irrigation District
Fiscal Year 2019-20
Budget Summary as of February 29, 2020

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<td>Office Supplies &amp; Expenses</td>
<td>248.56</td>
<td>248.56</td>
<td>20.00</td>
<td>1142.8%</td>
<td>20.00</td>
<td>(228.56)</td>
<td>-1142.8%</td>
</tr>
<tr>
<td>Conferences &amp; Meetings</td>
<td>3.60</td>
<td>75.29</td>
<td>64.00</td>
<td>17.6%</td>
<td>100.00</td>
<td>24.71</td>
<td>24.7%</td>
</tr>
<tr>
<td>Membership Fees &amp; Dues</td>
<td>0.00</td>
<td>751.57</td>
<td>930.00</td>
<td>-19.2%</td>
<td>930.00</td>
<td>178.43</td>
<td>19.2%</td>
</tr>
<tr>
<td>Directors Fees</td>
<td>500.00</td>
<td>4,600.00</td>
<td>3,500.00</td>
<td>31.4%</td>
<td>5,000.00</td>
<td>400.00</td>
<td>8.0%</td>
</tr>
<tr>
<td>Payroll Expense</td>
<td>38.25</td>
<td>351.90</td>
<td>320.00</td>
<td>10.0%</td>
<td>480.00</td>
<td>128.10</td>
<td>26.7%</td>
</tr>
<tr>
<td>Legal Fees &amp; Costs</td>
<td>850.72</td>
<td>6,840.36</td>
<td>4,240.00</td>
<td>61.3%</td>
<td>6,360.00</td>
<td>(480.36)</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Audits &amp; Accounting</td>
<td>0.00</td>
<td>3,000.00</td>
<td>3,000.00</td>
<td>0.0%</td>
<td>3,000.00</td>
<td>0.00</td>
<td>-100.0%</td>
</tr>
<tr>
<td>General and Property Insurance</td>
<td>0.00</td>
<td>728.20</td>
<td>1,990.00</td>
<td>0.0%</td>
<td>1,990.00</td>
<td>1,261.80</td>
<td>0.0%</td>
</tr>
<tr>
<td>Workers Compensation Insurance</td>
<td>0.00</td>
<td>42.14</td>
<td>50.00</td>
<td>0.0%</td>
<td>100.00</td>
<td>57.86</td>
<td>0.0%</td>
</tr>
<tr>
<td>Telephone</td>
<td>19.38</td>
<td>156.67</td>
<td>160.00</td>
<td>-2.1%</td>
<td>240.00</td>
<td>83.33</td>
<td>34.7%</td>
</tr>
<tr>
<td>Community Outreach</td>
<td>0.00</td>
<td>0.00</td>
<td>2,500.00</td>
<td>100.0%</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>Elections &amp; Public Info</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.0%</td>
<td>0.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>1,800.71</td>
<td>19,514.69</td>
<td>19,494.30</td>
<td>0.1%</td>
<td>27,300.00</td>
<td>7,785.31</td>
<td>28.5%</td>
</tr>
</tbody>
</table>
South Bay Irrigation District  
Monthly Treasurer’s Report  
Accounting of Receipts, Disbursements and Fund Balances  
February 29, 2020

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Investments</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Cash Balance</strong></td>
<td><strong>$ 21,253.29</strong></td>
<td><strong>$ 63,437.05</strong></td>
<td><strong>$ 84,690.34</strong></td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Vendor Warrants</strong></td>
<td>$ 565.66</td>
<td>$ -</td>
<td>$ 565.66</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Bank Fees</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>$ 565.66</td>
<td>$ -</td>
<td>$ 565.66</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td><strong>$ 20,687.63</strong></td>
<td><strong>$ 63,437.05</strong></td>
<td><strong>$ 84,124.68</strong></td>
</tr>
</tbody>
</table>

**Outstanding Items**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deposits</strong></td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Vendor Warrants</strong></td>
<td>(359.31)</td>
<td>-</td>
<td>(359.31)</td>
</tr>
</tbody>
</table>

**Adjusted Fund Balances**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td><strong>$ 20,328.32</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td><strong>$ 63,437.05</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$ 83,765.37</strong></td>
</tr>
</tbody>
</table>

(1) Bank of America statement balance  
(2) Managed pools, certificates of deposit, etc.
South Bay Irrigation District
Investment Portfolio
February 29, 2020

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Yield</th>
<th>Percent of Portfolio</th>
<th>Board Policy Limits</th>
<th>Total Portfolio</th>
<th>Book Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America Demand Deposit</td>
<td>0.000%</td>
<td>25%</td>
<td>5%</td>
<td>20,687.63</td>
<td>20,328.32</td>
<td>20,328.32</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>1.912%</td>
<td>75%</td>
<td>$40 M</td>
<td>63,437.05</td>
<td>63,437.05</td>
<td>63,446.37</td>
</tr>
<tr>
<td>Total Investment Portfolio</td>
<td>100%</td>
<td></td>
<td></td>
<td>84,124.68</td>
<td>83,765.37</td>
<td>83,774.69</td>
</tr>
</tbody>
</table>

Average Weighted Yield = 1.442%

Weighted Average Days to Maturity = 1

All investments have been made in accordance with South Bay Irrigation District's Annual Statement of Investment Policy. This report provides documentation that South Bay Irrigation District has sufficient funds to meet the next 180 days cash obligations.

Rich Stevenson, Treasurer