South Bay Irrigation District Board Meeting - May 13, 2020

1. Agenda Packet
   Documents:

   200513 AGENDA PACKET - POSTED 200508.PDF

2. Related Agenda Items
   Documents:

   PRESIDENTS PRESENTATION - PUBLIC COMMENT FROM MR. GARROD.PDF
AGENDA

REGULAR MEETING
OF THE BOARD OF DIRECTORS
WEDNESDAY, May 13, 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
  “USGS San Diego Hydrogeology Project – New Findings, SGMA, and Future Work,”
  presented by Wesley R. Danskin, Research Hydrologist, United States Geological Survey

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 April 8, 2020

3. APPROVAL OF DEMANDS AND WARRANTS

4. NEW BUSINESS
   A. Review and Approval of Draft Budget for Fiscal Year 2020-21
      • Resolution 641 Adopting a Budget for the Fiscal Year 2020-21
   B. Review and Approval of Annual Statement of Investment Policy
      • Resolution 642 Adopting an Annual Statement of Investment Policy

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

REPORTS AND INFORMATIONAL ITEMS
The following Agenda items are reports and information. These are placed 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.

6. MARCH 2020 FINANCIAL REPORTS

7. QUARTERLY REPORT OF DIRECTORS’ EXPENSES – THIRD QUARTER

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.
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USGS San Diego Hydrogeology Project

New findings, SGMA, Future work

Wesley R. Danskin
Research Hydrologist
United States Geological Survey
USGS San Diego Hydrogeology project – Defining locally available groundwater

Brackish groundwater

Fresh groundwater
Finding #1: We found more fresh groundwater, offshore

Why it matters
- Extends life of Reynold facility
- Another desal plant?

Reference: King and others, 2019.

South Bay Irrigation District, May 2020
USGS San Diego Hydrogeology project
Finding #2: We are ahead of land subsidence concerns by CA DWR

Why it matters

- CA DWR now analyzes InSAR, to determine land subsidence across the state.
- USGS was able to tell CA DWR, we know about the land subsidence in the coastal San Diego area, and have a recent publication describing it.

Finding #3: Recipe for mapping the Upper and Lower San Diego Formation

Why it matters
- Seawater intrusion pathways
- Isolation from surface water

[Diagram showing geologic layers and water intrusion]

South Bay Irrigation District, May 2020
USGS San Diego Hydrogeology project
Finding #4: Recharge is less than we thought, :(  

Why it matters:
- Caveat model predictions
- Focus on monitoring wells

Drop in water table

Reference: Seltzer and others, 2019
Finding #5: Summer is much warmer now than during glacial times, :( 

Why it matters
- Recharge is less
- Evaporation is much greater

Increase in summer temperature

Reference: Gannon and others, in review
EIR/SGMA – New SDF well pumpage significantly affects the coastal aquifer

Why it matters
- Prompts seawater intrusion
- Causes land subsidence

USGS monitoring wells

SDOT2
SDSW2
SDLD2
EIR/SGMA – SDF pumpage has caused seawater intrusion

Why it matters

- EIR/SGMA require monitoring and adaptive management

Seawater intrusion in shallow wells

Seawater intrusion in deep well

South Bay Irrigation District, May 2020

USGS San Diego Hydrogeology project
Next steps

**Sampling and analysis, to support EIR/SGMA**
- Seawater intrusion (June 2020)
- Land subsidence (July 2020)

**Why it matters**
- Honor public commitments
- Discover new understanding
- Document peer-reviewed results

**Reports, to document our findings**
- Data report 1 and 2 (June 2020, USGS approval)
- Paleontology summary report (June 2020, review)
- Gravity report (June 2020, review)
- Geology report (July 2020, review)
- Land Deformation report (July 2020, review)
- Professional Paper summary report (Dec 2020, review)
Started ~50 years behind; now we are 10+ years ahead of most basins, worldwide

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<th>Topic</th>
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<td>Aquifer parameters</td>
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<td>Geochemical models</td>
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History

Comprehensive, long-term study
- 19 years, $19 million, 5 agencies; led by SWA-USGS.

Data
- Installed 17 deep, multiple-depth, monitoring well sites, with 94 wells
- Sampled groundwater quality from 100s of wells
- Measured millions of groundwater levels, at 100s of wells

Models
- Created a 3D geologic framework model
- Created a regional hydrologic model

Reports
- Published 6 reports documenting the data, interpretations, and models
Geology — Mapped seemlessly throughout the study area
Fully 3-dimensional geologic model — Necessary for tracking groundwater flow

Groundwater desalination
Recharge area identified by isotopes (H,O)
Hydrologic model — Simulates all surface water and groundwater

- All geology
  - 6,000 feet thick
  - 5 layers

- All water
  - Precipitation
  - Surface water
  - Groundwater

- All time
  - 20,000 yrs ago to present
SOUTH BAY IRRIGATION DISTRICT
MINUTES OF THE REGULAR MEETING
April 8, 2020

The Board of Directors of South Bay Irrigation District held a Regular meeting on Wednesday, April 8, 2020. Pursuant to Governor Newsom’s Executive Order N-29-20 and 33-20 this meeting was held via teleconference. President Martinez called the meeting to order at 5:04 p.m.

(*Note: After calling the meeting to order, President Martinez established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating by teleconference clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. President Martinez further established for the record the process by which public comments would be received by the Board, which process was also described in the Agenda for the meeting.)

- **ROLL CALL**
  Directors Present: Josie Calderon-Scott, Steve Castaneda, José F. Cerda, 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 and Director of Finance Rich Stevenson

- **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.
2. **APPROVAL OF MINUTES** – Regular Meeting of March 11, 2020
   
   Director Castaneda made a motion, seconded by Director Calderon-Scott, that the Board approve the minutes of the March 11, 2020 Regular meeting. The motion carried unanimously.

3. **APPROVAL OF DEMANDS AND WARRANTS**
   
   Director Cerda made a motion, seconded by Director Calderon-Scott, that the Board approve warrants 11776 through 11786. The motion carried unanimously.

4. **NEW BUSINESS**
   
   Review of Board Policies and Procedures (Policies 111-120)
   
   Director Cerda made a motion, seconded by Director Castaneda, that the Board approve policies 111-120 as presented. The motion carried unanimously.

5. **OLD BUSINESS**
   
   Second Review of Board Policies and Procedures (Policies 101-110)
   
   Director Preciado made a motion, seconded by Director Cerda, that the Board approve policies 101-110 as presented. The motion carried unanimously.

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

**REPORTS AND INFORMATIONAL ITEMS**

7. **FEBRUARY 2020 FINANCIAL REPORTS**

8. **REPORTS BY DIRECTORS ON EVENTS ATTENDED**

9. **REPORT OF MANAGEMENT**
   
   General Manager Berge reported that the presentation by U.S. Geological Survey has been rescheduled due to COVID-19 concerns; future presenters have also contacted staff regarding potential presentation postponements.

10. **REPORT OF LEGAL COUNSEL**
    
    Legal Counsel Norvell reported on Governor Newsom’s Executive Order related to a moratorium on water shut-offs and its application by local water agencies.

11. **DIRECTORS’ COMMENTS**
    
    Director Cerda thanked staff for keeping the water on; and thanked Director Castaneda for speaking on behalf of Sweetwater Authority on KUSI regarding water service.
Director Preciado complimented Director Castaneda for an excellent engagement with KUSI.

Director Martinez thanked Director of Finance Rich Stevenson for the management of agency finances in this current economy.

Director Preciado commented on Zoom being an excellent tool during this pandemic period and encouraged others to use it.

12. **CLOSED SESSION**

   There was none.

13. **ADJOURNMENT**

   With no further business before the Board, President Martinez adjourned the meeting at 5:33 p.m.

   Hector Martinez, President

   Attest:

   Ligia Perez, Board Secretary
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South Bay Irrigation District  
Warrants  
March 2020

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<td>Best Best and Krieger</td>
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<td>11789</td>
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## South Bay Irrigation District

### FY 2020-21 Budget

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### General Fund

|                      |                   |                   |                   |                        |                  |
| Beginning Balance    | 813,606           | 804,175           | 100,556           | 100,556                | 80,242           |
| Transfers In/(Out)   | (9,431)           | (703,619)         | (16,965)          | (20,314)               | 0                |
| **Ending Balance**   | 804,175           | 100,556           | 83,591            | 80,242                 | 80,242           |

**Notes:**

1. Per October 9, 2018 agreement, Sweetwater Authority commits to funding SBID’s annual operating costs in perpetuity. Funding amount will be based on actual costs tabulated at the end of the year.
2. Per Policy 119, Director’s fee is $100 per day.
3. Election cost will be incurred for 3 seats ($2,500 per seat) in FY2020-21.
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RESOLUTION NO. 641

RESOLUTION OF THE BOARD OF DIRECTORS
OF SOUTH BAY IRRIGATION DISTRICT
ADOPTING A BUDGET FOR THE FISCAL YEAR 2020-2021

WHEREAS, there has been presented to the South Bay Irrigation District (District) Board of Directors a proposed Budget for the Fiscal Year 2020-2021; and

WHEREAS, the proposed Budget has been reviewed and considered by the Board of Directors, and it has been determined to be in the best interest of the District to adopt said Budget for the sound financial operation of the District; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Bay Irrigation District, as follows:

Section 1. Incorporation of Recitals. The Board of Directors hereby finds and determines that the Recitals of this Resolution are true and correct statements and are hereby incorporated into this Resolution as though fully set forth herein.

Section 2. Adoption of Budget. The Budget for the District for Fiscal Year 2020-2021 is attached hereto as Exhibit “A,” and is hereby adopted as the District’s Budget for the Fiscal Year 2020-2021.

Section 3. Effective Date. This resolution shall take effect on July 1, 2020.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors of the South Bay Irrigation District held on the 13th day of May 2020, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN: 

Hector Martinez, President

ATTEST: 

Ligia Perez, Board Secretary
Exhibit A

(Budget to be attached)
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.

Adopted by Resolution 639 on 5/8/19
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.

Adopted by Resolution 639 on 5/8/19
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.

Public Bank: The District may now invest in commercial paper, debt securities, or other obligations issued by a public bank. (Gov. Code §§ 53601(r), 53635.) A public bank is a nonprofit corporation organized for the purpose of engaging in commercial banking or industrial banking that is wholly owned by a local agency,
local agencies, or a joint powers authority composed only of local agencies. (Gov. Code § 57600.)

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:

Adopted by Resolution 639 on 5/8/19
- 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.

When the Authority selects a new depository institution, the depository is now required to: (1) ask the Authority whether it has deposits at other depository institutions; and (2) provide the Authority with a monthly inventory of all depository institutions in which deposits have been placed on the Authority’s behalf within the private sector entity’s network. (Gov. Code §§ 53601.8, 53635.8.)

Government Code § 53639 now includes language that allows the Treasurer, by contract, to bear the expense of transporting money to and from the depository institution, instead of simply requiring the depository institution to bear the expense of transporting money to and from depository institutions.

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.
RESOLUTION NO. 642

RESOLUTION OF THE BOARD OF DIRECTORS
OF SOUTH BAY IRRIGATION DISTRICT
ADOPTING AN ANNUAL STATEMENT OF
INVESTMENT POLICY

WHEREAS, South Bay Irrigation District (District) has developed procedures for a prudent and systematic investment policy and to organize and formalize investment related activities; and

WHEREAS, this Annual Statement of Investment Policy is reviewed and submitted annually to the Board of Directors in order to ensure consistency and its relevance to current law and financial and economic trends; and

WHEREAS, the District desires to revise the Annual Statement of Investment Policy to make it consistent with recently enacted statutory provisions, to ensure it is in compliance with the California Government Code, Sections 53600 et seq.;

WHEREAS, the investment policies and practices of the Treasurer of South Bay Irrigation District are based upon limitations placed on it by governing legislative bodies as follows:

1. To assure compliance with all federal, state and local laws governing the investment of monies under the control of the Treasurer.

2. To protect the principal monies entrusted to this organization.

3. To generate the maximum amount of investment income within the parameters of the Statement of Investment Policy.

WHEREAS, this policy will cover all funds and investment activities under the direct authority of this District;

WHEREAS, the investment of South Bay Irrigation District idle monies is delegated to the Treasurer by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of South Bay Irrigation District as follows:

1. That the Recitals of this Resolution are true and correct statements and are hereby incorporated into this Resolution as though fully set forth herein.

2. That the Annual Statement of Investment Policy, a copy of which is attached hereto marked "Exhibit A," is hereby approved and adopted by
RESOLUTION NO. 642

the Board of Directors as its Annual Statement of Investment Policy to cover South Bay Irrigation District's funds and investment activities.

3. That all previous investment policies approved by the Board of Directors are invalid and all investments approved after the date of this Resolution shall conform to the Investment Policy attached hereto.

4. That this Resolution shall become effective upon its adoption.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors of South Bay Irrigation District held on the 13th day of May 2020, by the following vote to wit:

AYES: 
NOES: 
ABSENT: 
ABSTAIN: 

Hector Martinez, President

Attest:

Ligia Perez, Board Secretary
South Bay Irrigation District  
Fiscal Year 2019-20  
Budget Summary as of March 31, 2020

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<td>Directors Fees</td>
<td>600.00</td>
<td>5,200.00</td>
<td>4,000.00</td>
<td>30.0%</td>
<td>5,000.00</td>
<td>(200.00)</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Payroll Expense</td>
<td>45.90</td>
<td>397.80</td>
<td>360.00</td>
<td>10.5%</td>
<td>480.00</td>
<td>82.20</td>
<td>17.1%</td>
</tr>
<tr>
<td>Legal Fees &amp; Costs</td>
<td>518.00</td>
<td>7,358.36</td>
<td>4,770.00</td>
<td>54.3%</td>
<td>6,360.00</td>
<td>(998.36)</td>
<td>-15.7%</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>21.07</td>
<td>63.21</td>
<td>50.00</td>
<td>0.0%</td>
<td>100.00</td>
<td>36.79</td>
<td>0.0%</td>
</tr>
<tr>
<td>Telephone</td>
<td>19.38</td>
<td>176.05</td>
<td>180.00</td>
<td>-2.2%</td>
<td>240.00</td>
<td>63.95</td>
<td>26.7%</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>1,548.15</td>
<td>21,062.84</td>
<td>20,936.00</td>
<td>0.6%</td>
<td>27,300.00</td>
<td>6,237.16</td>
<td>22.9%</td>
</tr>
</tbody>
</table>
South Bay Irrigation District  
Monthly Treasurer's Report  
Accounting of Receipts, Disbursements and Fund Balances  
March 31, 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>$20,687.63</td>
<td>$63,437.05</td>
<td>$84,124.68</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receipts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$1,895.77</td>
<td>-</td>
<td>$1,895.77</td>
</tr>
<tr>
<td>Vendor Warrants</td>
<td>$1,895.77</td>
<td>-</td>
<td>$1,895.77</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Bank Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>$1,895.77</td>
<td>-</td>
<td>$1,895.77</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$18,791.86</td>
<td>$63,437.05</td>
<td>$82,228.91</td>
</tr>
<tr>
<td>Deposits</td>
<td>$ -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vendor Warrants</td>
<td>(187.75)</td>
<td>-</td>
<td>(187.75)</td>
</tr>
<tr>
<td><strong>Adjusted Fund Balances</strong></td>
<td>$18,604.11</td>
<td>$63,437.05</td>
<td>$82,041.16</td>
</tr>
</tbody>
</table>

(1) Bank of America statement balance  
(2) Managed pools, certificates of deposit, etc.
South Bay Irrigation District  
Investment Portfolio  
March 31, 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>23%</td>
<td>5%</td>
<td>18,791.86</td>
<td>18,604.11</td>
<td>18,604.11</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>1.787%</td>
<td>77%</td>
<td>$40 M</td>
<td>63,437.05</td>
<td>63,437.05</td>
<td>63,446.37</td>
</tr>
</tbody>
</table>

Total Investment Portfolio

<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>Total Investment Portfolio</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td>82,228.91</td>
<td>82,041.16</td>
<td>82,050.48</td>
</tr>
</tbody>
</table>

Average Weighted Yield = 1.379%

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
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## Director: Steven Castaneda

**Date:** 9/30/19  
**Meetings:** 1st Quarter Totals  
**Per Diem:** $400.00  
**Mileage:** $9.57  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 12/31/19  
**Meetings:** 2nd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $6.38  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $3.16  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 1/8/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  
**Mileage:** 3.16  

**Date:** 2/12/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/11/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $3.16  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

## Director: Jose F. Cerda

**Date:** 9/30/19  
**Meetings:** 1st Quarter Totals  
**Per Diem:** $400.00  
**Mileage:** $0.00  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 12/31/19  
**Meetings:** 2nd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $0.00  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 1/8/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 1/29/2020  
**Meetings:** Chula Vista Chamber of Commerce-Utilities  
**Per Diem:** $100.00  

**Date:** 2/12/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/11/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $400.00  
**Mileage:** $0.00  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

## Director: Jose Preciado

**Date:** 9/30/19  
**Meetings:** 1st Quarter Totals  
**Per Diem:** $200.00  
**Mileage:** $0.00  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 12/31/19  
**Meetings:** 2nd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $9.21  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 1/8/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $200.00  
**Mileage:** $0.00  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

## Director: Josie Calderon-Scott

**Date:** 9/30/19  
**Meetings:** 1st Quarter Totals  
**Per Diem:** $200.00  
**Mileage:** $6.14  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 12/31/19  
**Meetings:** 2nd Quarter Totals  
**Per Diem:** $300.00  
**Mileage:** $9.21  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 1/8/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 1/29/2020  
**Meetings:** Chula Vista Chamber of Commerce-Utilities  
**Per Diem:** $100.00  

**Date:** 2/12/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/11/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/20/2020  
**Meetings:** IAFCO Advisory Committee  
**Per Diem:** $100.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $200.00  
**Mileage:** $13.75  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

## Director: Hector Martinez

**Date:** 9/30/19  
**Meetings:** 1st Quarter Totals  
**Per Diem:** $400.00  
**Mileage:** $24.45  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 12/31/19  
**Meetings:** 2nd Quarter Totals  
**Per Diem:** $600.00  
**Mileage:** $28.63  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

**Date:** 1/8/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 2/12/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/11/2020  
**Meetings:** SBID Meeting  
**Per Diem:** $100.00  

**Date:** 3/20/2020  
**Meetings:** IAFCO Advisory Committee  
**Per Diem:** $100.00  

**Date:** 3/31/20  
**Meetings:** 3rd Quarter Totals  
**Per Diem:** $400.00  
**Mileage:** $2.25  
**Registration:** $0.00  
**Lodging:** $0.00  
**Travel:** $0.00  
**Other:** $0.00  
**Meals:** $0.00  

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Grand Total (All Directors)</th>
<th>1st Quarter Grand Total</th>
<th>2nd Quarter Grand Total</th>
<th>3rd Quarter Grand Total</th>
<th>4th Quarter Grand Total</th>
<th>Cumulative Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>$1,600.00</td>
<td>$400.16</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>$1,900.00</td>
<td>$44.22</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>$1,700.00</td>
<td>$19.16</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Cumulative Total</td>
<td>$5,200.00</td>
<td>$103.54</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Public Comment

Speaker's Request Form
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.

For best results, compose your comments in your favorite word processing software and use the copy/paste function to place your comment in the form.

<table>
<thead>
<tr>
<th>First Name</th>
<th>Michael</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Name</td>
<td>Garrod</td>
</tr>
<tr>
<td>Address</td>
<td>loping lane</td>
</tr>
<tr>
<td>City</td>
<td>Bonita</td>
</tr>
<tr>
<td>State</td>
<td>CA</td>
</tr>
<tr>
<td>Zip Code</td>
<td>91902</td>
</tr>
<tr>
<td>Meeting Date and Time</td>
<td>May 13, 5:00 pm</td>
</tr>
</tbody>
</table>

I wish to speak under public comment: Yes

Action Item Number Field not completed.

Enter Your Comments My name is Michael Garrod and I'm a retired employee of the Sweetwater Authority and a rate payer for nearly 30 years. I retired in 2018 as the Engineering Manager in charge of Water Resources. I have worked with the USGS for nearly 20 years as an employee of the Sweetwater Authority and as a volunteer member of the Scientific Advisory Committee for SIGMA regarding groundwater management in the region.

I have an in depth knowledge of the value that USGS has brought to the Sweetwater Authority over these 20 years. The following are just a few examples:
1. Their estimate of the sustainable yield of the San Diego formation was used in the EIR for the expansion of the
Groundwater Desalination Facility.

2. They have drilled several multi-depth monitoring wells that are crucial to monitoring depth to groundwater and seawater intrusion in the San Diego formation. Both of these are critical to reporting in SIGMA and a requirement of the EIR.

3. They were instrumental in the placement of SDF Production Wells #7-11. Without USGS's reports, the Authority would have had to spend nearly $1 million dollars to site the production wells.

4. They have set-up a subsidence monitoring network that is state-of-the-art and is a requirement of the EIR. No network, no production at the Desal facility. Or best case, limited production.

I could go on with several more examples, but it would take much more than 3 minutes.

The final thought I would like to leave with the Board is this, the final USGS report, that should be completed in the next few months, should be fully funded and must be completed. The completion of this report is critical for these three reasons:

1. If there is ever a law suit against the Desal Facility, the report could be used to defend continued production at the facility.

2. The report could be used during the creation of the groundwater management plan for SIGMA.

3. The report would be vital if the Authority wanted to construct a groundwater desalination facility in our service area in the Otay River Basin. A feasibility study was completed on a Desal Facility in the Otay River basin that could produce 4 million gallons per day. This could be worth several million dollars to the Authority over the life of the project. It is my opinion that such a facility should be constructed in the next 10 years.

These are just some thought from an old retired Water Resource Engineer with nearly 40 years in the business. It would be sad to not complete the final USGS report because of funding issues. The quote, "penny wise and pound foolish" comes to mind. I'm sending all of you good thoughts and good health during this pandemic and I'm ready to continue/expand my volunteer service to the Sweetwater Authority community at anytime.

Email not displaying correctly? View it in your browser.