South Bay Irrigation District Board Meeting - June 10, 2020

1. Agenda Packet

   Documents:

   200610 SBID AGENDA PACKET - POSTED 200605.PDF
AGENDA

REGULAR MEETING
OF THE BOARD OF DIRECTORS
WEDNESDAY, June 10, 2020 – 5:00 P.M.

Notice: Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, which in part, provide waivers to certain Brown Act provisions, 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 and/or view the meeting proceedings and provide public comment and comments on agenda items by following these instructions:

To join via Zoom Webinar from a computer, tablet, or smartphone,
   click on the link below:
   https://zoom.us/j/91458023440

   To join this meeting via telephone, please dial:
   1-669- 900-6833 or 1-253-215-8782
   Meeting ID: 914 5802 3440

If you are unable to access the meeting using this call-in information, please contact the Board Secretary at (619) 409-6703 for assistance.

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

Before the meeting:
   - 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 written 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.
During the meeting:
The President will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to Participants List, hover over your name and click on “Raise Hand.” This will notify the moderator that you wish to speak during Oral Communication or during a specific item on the agenda.

- Via phone, you can raise your hand by pressing *9 to notify the moderator that you wish to speak during the current item.

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 South Bay Irrigation District 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 May 13, 2020

3. APPROVAL OF DEMANDS AND WARRANTS

4. NEW BUSINESS
   Review of Board Policies and Procedures (Policies 121 through 123 and 201 through 207)

5. OLD 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

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 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.

7. APRIL 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, May 13, 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 5:01 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 (5:05 p.m.)
  Directors Absent: None

- **PLEDGE OF ALLEGIANCE TO THE FLAG**
  (Director Preciado entered the meeting at 5:05 p.m.)

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

- **PRESIDENT’S PRESENTATION**
  Michael Garrod submitted written comments for the record.
ACTION CALENDAR ITEMS

1. ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA
   There was none.

2. APPROVAL OF MINUTES – Regular Meeting of April 8, 2020
   Director Cerda made a motion, seconded by Director Preciado, that the Board approve the minutes of the April 8, 2020 Regular meeting. The motion carried unanimously.

3. APPROVAL OF DEMANDS AND WARRANTS
   Director Calderon-Scott made a motion, seconded by Director Preciado, that the Board approve warrants 11785 through 11793. The motion carried unanimously.

4. NEW BUSINESS
   Director Castaneda made a motion, seconded by Director Cerda, that the Board continue items 4. A. and 4. B. to the next Board meeting. The motion carried unanimously.
   A. Review and Approval of Draft Budget for Fiscal Year 2020-21
   B. Review and Approval of Annual Statement of Investment Policy

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

REPORTS AND INFORMATIONAL ITEMS

6. MARCH 2020 FINANCIAL REPORTS

7. QUARTERLY REPORT ON DIRECTORS’ EXPENSES – THIRD QUARTER

8. REPORTS BY DIRECTORS ON EVENTS ATTENDED

9. REPORT OF MANAGEMENT
   There was no report.

10. REPORT OF LEGAL COUNSEL
    There was no report.

11. DIRECTORS’ COMMENTS – There were none.
12. **CLOSED SESSION**

   There was none.

13. **ADJOURNMENT**

   With no further business before the Board, President Martinez adjourned the meeting at 5:58 p.m.

   ________________________________
   Hector Martinez, President

   Attest:

   ________________________________
   Ligia Perez, Board Secretary
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## South Bay Irrigation District
### Warrants
#### April 2020

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<th>Warrant Number</th>
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**Total: 1,429.95**
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TO: South Bay Irrigation District Board
FROM: Management
DATE: June 5, 2020
SUBJECT: Review of Board Policies and Procedures (Policies 121 through 123 and 201 through 207)

SUMMARY
The attached SBID Board Policies 121 through 123 and 201 through 207 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>
</thead>
<tbody>
<tr>
<td>121-123 and 201-207</td>
<td>No recommended changes.</td>
</tr>
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PAST BOARD ACTIONS
April 8, 2020 Approved Policies 101-120
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 121 through 123 and 201 through 207 and direct staff to make modifications as directed by the Board of Directors.

2. Approve Policies 121 through 123 and 201 through 207 as presented.

RECOMMENDATION

Staff seeks the direction of the Board of Directors.
POLICY 121 – DIRECTORS’ TRAVEL

POLICY

It is important that the members of the Board of Directors (Board) avoid unnecessary risk to South Bay Irrigation District (District) operations that could result if several members were traveling together in a form of transportation (airplane, bus, automobile, or train) and were involved in an accident.

PROCEDURE

Whenever it is necessary for more than two (2) members of the Board to travel in the same form of transportation to the same destination on District business, every reasonable effort shall be made to arrange transportation and schedules to assure that not more than two (2) District Directors travel in the same airplane, train, automobile, or bus.

Example: It may be necessary for two (2) Directors to travel on one (1) flight and one (1) or more Directors to utilize a different airline or flight to the same destination to avoid traveling together. In the same fashion, traveling to local meetings in automobiles should be limited to no more than two (2) Directors in the same automobile, as practicable.

It is recognized that there may be circumstances under which separate travel arrangements are not practical, but unnecessary risk that could result in the District losing the services of more than two (2) members of the Board is to be avoided.
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POLICY 122 – FIELD TRIPS BY DIRECTORS

POLICY

To establish the appropriate manner of conducting field trips to inspect facilities and engage in discussions outside the boundaries of the South Bay Irrigation District (District), which involve more than a quorum of the Board of Directors (Board).

PROCEDURE

Field trips should be noticed as “Meetings” either by adjourning a Regular meeting to the date of the field trip or by noticing a “Special Meeting.” The description of the field trip should be included in the Notice of Adjournment or Notice of Special Meeting.

The Board may conduct meetings outside of the District’s boundaries to inspect real property, participate in meetings or discussions of multi-agency significance, or meet with elected or appointed officials of the United States or the State (Government Code §54954 (b)).
POLICY 123 – EMAIL, SOCIAL MEDIA, AND OTHER ELECTRONIC COMMUNICATION METHODS

POLICY

To establish guidelines ensuring compliance with the Ralph M. Brown Act (Brown Act) when using email, social media, and other electronic communication methods. The Brown Act prohibits serial, rotating, or seriatim meetings which may occur when a majority of members of the Board of Directors (Board) or a Committee subject to the Brown Act use a series of communications of any kind outside of a properly noticed meeting, directly or through intermediaries, to hear, discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the Board.

PROCEDURE

A. Board Members and members of any Committee subject to the Brown Act should not use email, social media, or any other means of electronic communication in the following ways:

1. to exchange facts, hear, discuss, deliberate, develop a consensus, or take action among a majority of members of the Board or Committee on any item of business within the subject matter jurisdiction of the Board or Committee; and

2. to communicate with District staff or any third party to request that such person aid in developing a collective concurrence on an item of business within the subject matter jurisdiction of the Board or Committee.

B. District staff should not communicate with a majority of members of the Board or any Committee subject to the Brown Act, to hear, discuss, deliberate, or take any action on any item of business that is within the subject matter jurisdiction of the Board or Committee.

C. Board Members and members of any committee subject to the Brown Act should use caution to avoid communicating with or to a majority of members while commenting on social media websites and blogging (such as by responding to the same subject matter as commented on by another member), replying to emails with multiple recipients, texting, linking among social media users, or otherwise communicating about any item of business within the District’s subject matter jurisdiction.
POLICY 201 – BOARD MEETINGS

POLICY

To establish a set schedule for Regular Board Meetings and guidelines for Special Meetings of the South Bay Irrigation District (District) Board of Directors (Board) that provides for public involvement and staff participation. In addition, the Sweetwater Authority website provides the option of receiving automatic email notification of Regular or Special Meetings of the Board.

PROCEDURE

Regular Meetings of the Board shall be held on the second Wednesday of each calendar month at 5:00 p.m. The date, time, and place of Regular Board Meetings can be reconsidered by the Board and adopted by Resolution, when the Board deems it necessary. The use of teleconferencing will be in accordance with Government Code Section 54953.

Special Meetings (non-emergency) of the Board may be called by the President of the Board or by a majority of the members of the Board (Government Code Section 54956).

All Directors, Legal Counsel, Treasurer, General Manager, Assistant General Manager, Board Secretary, and other required staff will be notified of the Special Board Meeting and purpose or purposes for which it is called. Notification will be in writing and delivered to them at least twenty-four (24) hours prior to the meeting (Government Code Section 54956). However, written notice may be dispensed with as to any Director who is actually present at the meeting at the time it convenes. The written notice shall be posted at least twenty-four (24) hours prior to the Special Meeting in a location that is freely accessible to members of the public in the following locations: external bulletin board at Administration Office at 505 Garrett Avenue and on the Authority’s website. Newspapers of general circulation in the District’s service area and others who have requested notice of Special Meetings in writing in accordance with the Ralph M. Brown Act (Brown Act) (California Government Code Sections 54950 through 54926) shall be notified by mailing or delivering written notice personally, unless the Special Meeting is called less than one (1) week in advance, in which case the written notice, including business to be transacted, will be sent by email, or by FAX during business hours as soon after the meeting is scheduled as practicable, but in no event less than twenty-four (24) hours before the meeting (Government Code Section 54956).

An agenda, indicating the time and place of the Special Meeting and business to be transacted, shall be prepared as specified for Regular Board Meetings and shall be delivered with the “Notice of the Special Meeting” to those specified above. Only those items of business listed on the agenda for the Special Meeting shall be considered by the Board at any Special Meeting (Government Code Section 54956).

Reviewed and Reapproved on 7/10/19; Adopted by Resolution No. 621
Special Meetings (emergency). In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency Special Meeting without complying with the twenty-four (24) hour notice required above. An emergency situation means a crippling disaster, which severely impairs public health, safety, or both, as determined by a majority of the members of the Board (Government Code Section 54956.5). Newspapers of general circulation in the District’s service area and others who have requested notice of Special Meetings in accordance with the Brown Act (California Government Code Section 54950 et seq.) shall be notified at least one (1) hour prior to the emergency Special Meeting. In the event that telephone services are not functioning, the notice requirement of one (1) hour is waived, but the General Manager, or his/her designee, shall notify such newspapers and others who have requested notice of Special Meetings of the fact of the holding of the emergency Special meeting, and of any action taken by the Board, as soon after the meeting as possible (Government Code Section 54956.5).

No closed session may be held during an emergency Special Meeting unless agreed to by a two-thirds vote of the members of the Board present or, if less than two-thirds of the members are present, by a unanimous vote of the members present. All other rules governing Special Meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the emergency Special Meeting, a list of persons the General Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten (10) days in the District’s office as soon after the meeting as possible (Government Code Section 54956.5).

Adjourned Meetings. A majority vote by the Board may terminate any Board meeting at any place in the agenda to any time and place specified in the order of adjournment, except that if no Directors are present at any Regular or Adjourned Regular Meeting, the General Manager or Board Secretary may declare the meeting adjourned to a stated time and place, and he or she will cause a written notice of adjournment to be given to those as specified above to receive notices of Special Meetings. The order or notice of adjournment shall be conspicuously posted on or near the door of the place where the Regular, Adjourned Regular, Special, or Adjourned Special Meeting was held within twenty-four (24) hours after the time of the adjournment. When an order of adjournment fails to specify the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for Regular meetings (Government Code Section 54955).

The Board Secretary shall ensure that appropriate information is available for the public at meetings of the Board, and that physical facilities for said meetings are functional and appropriate. Regular and Special Meetings of the Board shall be held within the boundaries of the territory over which the District exercises jurisdiction (Government Code Section 54954 [b]). (Refer to the Brown Act for more detailed information.)
POLICY 202 – BOARD MEETING AGENDA

POLICY

In order for both the Board of Directors (Board) and staff to be adequately prepared to discuss District business during Board meetings, items for action or discussion should be placed on the agenda.

PROCEDURE

The Board Secretary, in cooperation with the General Manager and President of the Board, shall prepare an agenda for each Regular and Special Meeting of the Board in accordance with the Ralph M. Brown Act (Brown Act) (California Government Code Section 54950 et seq.). Each agenda shall provide an opportunity for members of the public to address the Board on any item of interest to the public, before or during the Board’s consideration of the item, that is within the subject matter jurisdiction of the legislative body. Any Director may call the Board Secretary or General Manager and request any item to be placed on the agenda.

Any member of the public may request that a matter directly related to District business be considered at a future Board Meeting or Board Committee Meeting, subject to the following conditions:

A. The request must be in writing and be submitted to the General Manager together with supporting documents and information, if any.

B. The General Manager, in collaboration with the Board President, shall determine whether the public request is or is not a “matter directly related to District business,” in priority with other potential agenda items.

C. No matter, which is legally a proper subject that should be considered by the Board in closed session, will be accepted under this policy.

D. In the event the public request is placed on the agenda of a Regular Board Meeting or Board Ad hoc Committee Meeting, as applicable, the Board or Board Ad hoc Committee may place limitations on the total time to be devoted to a public request issue at any meeting, and may limit the time allowed for any one person to speak on the issue at the meeting (Government Code Section 54954.3 (b)).

This policy does not prevent the Board from taking testimony at Regular and Special Meetings of the Board on matters that are not on the agenda, which a member of the public may wish to bring before the Board. However, the Board shall not discuss or take action on such matters at that meeting, except that members of the Board or District staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights (Government Code Section 54954.3). In addition, on their own initiative or in response to questions posed by the public, a member of the Board or District staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of the Board, or the Board itself, may provide a reference to District staff or other resources for factual information, request District staff to...
report back to the Board at a subsequent meeting concerning any matter, or take action to
direct District staff to place a matter of business on a future agenda.

At least seventy-two (72) hours prior to the time of all Regular Meetings, an agenda that
includes, but is not limited to, all matters on which there may be discussion and/or action by
the Board, shall be posted conspicuously for public review in the display case at the
entrance of Sweetwater Authority’s (Authority) Administrative Office and on the Authority’s
website (Government Code Section 54954.2). All information made available to the Board
shall be available for public review when distributed to all or a majority of all members of the
Board, except information that is privileged or otherwise confidential under state law, as
determined by the District’s legal counsel. Documents relating to an open session agenda
item that are distributed to the legislative body at a meeting or less than seventy-two (72)
hours before the meeting, must be made available for public inspection at a location
specified on the agenda at the same time the writing is distributed to a majority of the Board
(Government Code Section 54957.5).

The agenda for a Special Meeting shall be posted at least twenty-four (24) hours before the
meeting in the same locations as for Regular Meeting agendas (Government Code Section
54956).

The posted agenda must briefly describe each closed session agenda item in substantial
compliance with the descriptions in Government Code section 54954.5. The Board may
convene in closed session on any matter authorized by law, including but not limited to the
following:

A. Litigation: Existing litigation, threatened litigation, or initiation of litigation.
B. Liability Claims. Discussion of a claim for the payment of tort liability losses and
   public liability losses.
C. Real Property: The purchase, sale, exchange, or lease of real property by or for the
   local agency.
D. Public Employment: The consideration of the appointment, employment, evaluation
   of performance, discipline, or dismissal of a public employee or hearing complaints
   or charges brought against the employee.
E. Labor Negotiations regarding salary, salary schedules, and compensation paid in the
   form of fringe benefits.
F. Public Security Threats.
G. Specific Pension Fund Investments.

Only members of the Board and the staff members necessary to conduct business
regarding the closed session item are permitted to attend the closed session. A person
may not disclose confidential information acquired by being present in a closed session
unless the Board authorizes disclosure of that confidential information.

Reviewed and Reapproved on 7/10/19
POLICY 203 – BOARD MEETING CONDUCT

POLICY

The President of the Board of Directors (Board) shall conduct meetings of the Board in a manner consistent with the policies of the South Bay Irrigation District (District) to facilitate orderly proceedings and comply with applicable State law.

PROCEDURE

All Board meetings shall commence at the time stated on the agenda and shall be guided by the same (Government Code Section 54954.2 (a) (2)). Board meetings will be guided by the Ralph M. Brown Act (Brown Act) and other applicable State laws. Any question about proper procedure shall be referred to Legal Counsel for determination. The conduct of meetings shall, to the fullest possible extent, enable Directors to:

A. Consider problems to be solved, weigh evidence related thereto, and make wise decisions intended to solve the problems, and

B. Receive, consider, and take any needed action with respect to reports of accomplishment of the District’s operations.

Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a Special Meeting, or to address the Board at a Regular Meeting on any subject that is within the subject matter jurisdiction of the Board, shall be as follows:

A. Three (3) minutes may be allotted to each speaker and a maximum of twenty (20) minutes to each subject matter (Government Code Section 54954.3). The time allotted to each speaker and/ or the total time allotted on a particular subject matter may be extended by a majority vote of the Board to allow adequate time for public participation on such matter.

B. No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person’s privilege of address (Government Code Section 54954.3).

Willful disruption of any of the meetings of the Board shall not be permitted. If the President finds that there is in fact willful disruption of any meeting of the Board, he or she may order the room cleared and subsequently conduct the Board’s business without the audience present. In such an event, only matters appearing on the agenda may be considered in such a session. Members of the media, other than those participating in the disruption, shall be permitted to attend any such session. After clearing the room, the President may permit those persons who, in his or her opinion, were not responsible for the willful disruption to reenter the meeting room (Government Code Section 54957.9).

Reviewed and Approved on 7/10/19
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POLICY 204 – BOARD ACTIONS AND DECISIONS

POLICY

Actions and decisions by the Board of Directors (Board) include, but are not limited to, adoption or rejection of regulations, policies, resolutions, contracts or expenditures, any proposal that commits South Bay Irrigation District (District) funds or facilities, including approval or disapproval of matters that require or may require the District or its employees to take action and/or provide services.

PROCEDURE

A majority of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time (Government Code Section 54955). Action, other than adjournment, can only be taken by the vote of the majority of the Board (Government Code Section 54952.6). Three (3) Directors represent a quorum for the conduct of District business. Actions of the Board require the affirmative vote of at least three (3) members of the Board regardless of the number of Directors present. If the action of the Board requires a super majority, that percentage is calculated as a percentage of the whole Board, not members of the Board who are present.

A member abstaining in a vote is considered as absent for that vote.

Example: If three (3) of five (5) Directors are present at a meeting, a quorum exists and business can be conducted.

However, if one (1) Director abstains on a particular action and the other two (2) cast “aye” votes, no action is taken because a “Majority of the Board” did not vote in favor of the action.

Example: If an action is proposed requiring a two-thirds vote and two (2) Directors abstain, the proposed action cannot be approved because four (4) of the five (5) Directors would have to vote in favor of the action.

Example: If a vacancy exists on a five (5) member Board and a vote is taken to appoint an individual to fill said vacancy, three (3) Directors must vote in favor of the appointment for it to be approved. If two (2) of the four (4) Directors present abstain, the appointment is not approved.

Informal action by the Board is still Board action and shall only occur regarding matters that appear on the agenda for the Board meeting during which said informal action is taken.
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POLICY 205 – MINUTES OF BOARD MEETINGS

POLICY

To establish the format of the official minutes of the Board of Directors (Board) and the disposition of the recordings of those meetings.

PROCEDURE

The Board Secretary shall keep minutes of all Regular Meetings, Special Meetings, and Adjourned Meetings of the Board.

Copies of said minutes shall be distributed to Directors as part of the agenda packet for the next Regular Board Meeting, at which time the Board will consider approval of the minutes as presented or with modifications.

The official minutes of the above-mentioned meetings of the Board and Resolutions shall be kept in a manner that provides security, either by placing the paper versions in a fireproof vault or in fire-resistant, locked cabinets or having electronic versions stored on the Authority’s computer network with appropriate backups. The recordings, tapes, discs, or other electronic data/information storage devices of the Board Meetings shall be kept in fire-resistant, locked cabinets or in a fireproof, locked vault, until the minutes of said meetings are approved by the Board, at which time they can be destroyed, consistent with the records retention schedule, but in no case may they be destroyed sooner than thirty (30) days after the meeting at which the recording was made pursuant to Government Code Section 54953.5.

Closed sessions of the Board are deemed not to be public records and shall not be recorded. Prior to holding any closed session, the Board shall disclose, in an open meeting, the item or items to be discussed in the closed session.

After any closed session, the President shall reconvene into open session prior to adjournment and the President or General Counsel shall make any disclosures required by Ralph M. Brown Act (Government Code Section 54957.1) of action taken in the closed session. If no action is taken, the President or General Counsel shall publicly report that, “no reportable action was taken by the Board during the closed session.”

Motions shall be recorded as having passed or failed and individual votes will be recorded, unless the action was unanimous. However, upon the request of any member of the Board, a roll call vote shall be taken on a motion.

Resolutions will be recorded as having passed or failed and individual votes shall be recorded. A roll call vote shall be required for the adoption of any Resolution. All resolutions adopted by the Board shall be numbered consecutively, including the year and
starting with a new number at the beginning of each calendar year, and shall be recorded in 
full and in separate resolution books. (Example: Resolution numbers for the year 2010 – 
10-01, 10-02 and year 2011 – 11-01, 11-02, etc.)

The minutes of Board meetings must contain the following data:

A. Date, place, and type of each meeting;
B. Directors present and absent by full name;
C. Officers, Legal Counsel, and Administrative Staff present by full name;
D. Call to order, including time;
E. Time and name of late arriving Directors;
F. Pre-adjournment departure of Directors by name, noting time, or if absence takes 
place when any agenda items are acted upon;
G. Order of Adjournment of meeting, including time;
H. Record of written Notice of Special Meetings and record of items to be considered at 
Special Meetings;
I. Summary record of public comment regarding matters not on the agenda, and on 
matters on the agenda, including names of commentators;
J. Approval or amended approval of the minutes of preceding meetings;
K. Complete identification as to each subject of the Board’s deliberation;
L. Record of the vote on every action item, including the names of Directors abstaining 
or absent on the vote on a motion if not unanimous;
M. All Board resolutions with complete headings, numbered serially for each fiscal year;
N. A record of all contracts presented for approval by the Board and the status of 
approval;
O. A record of all bid procedures, including calls for bids authorized, bids received and 
other action taken;
P. A record by number of all warrants approved for payment;
Q. Adoption of the annual budget;
R. Financial reports, budget reports, and investment reports;
S. Sales of Authority property that are presented to the Board;
T. A record of all important correspondence within the subject matter of the District;
U. A record of the General Manager’s report to the Board; and
V. Approval of all policies and Board-adopted regulations.
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POLICY 206 – RULES OF ORDER FOR BOARD AND COMMITTEE MEETINGS

POLICY

To establish rules of conduct for Board and Committee meetings of South Bay Irrigation District (District), which facilitate orderly proceedings and comply with the Ralph M. Brown Act and other applicable State laws. Any question about proper procedure will be referred to the District’s legal counsel for determination.

PROCEDURE

Action items shall be brought before and considered by the Board by motion in accordance with this policy. The Board will generally conduct its meetings in conformance with Robert’s Rules of Order. However, so long as all requirements of California law are met, noncompliance with Robert’s Rules of Order shall not invalidate an otherwise valid Board action.

If a Director believes order is not being maintained or procedures are not adequate, then he or she should raise a point of order – not requiring a second – to the President. If the ruling of the President is not satisfactory to the Director, then it may be appealed to the Board. A majority of the Board will govern and determine the point of order.

Any Director desiring to speak should address the President and, upon recognition by the President, may address the subject under discussion.

Any Director, including the President, may make or second a motion. A motion shall be brought and considered as follows:

A Director makes a motion, another Director seconds the motion, and the President states the motion. Once the motion has been stated by the President, it is open to discussion and debate. After the matter has been fully debated and after the public in attendance has had an opportunity to comment, the President will call for the vote. If the public in attendance has had an opportunity to comment on the proposed action, any Director may move to immediately bring the question being debated to a vote, suspending any further debate. The motion must be approved by affirmative vote of a majority of the Board.

A motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by other Directors.

A motion may be postponed to a certain time by a motion to postpone, which is then seconded and approved by a majority vote of the Board.

A motion may be referred to a Committee for further study and recommendation by a motion to refer to Committee, which is then seconded and approved by a majority vote of the Board.
the Board.

As provided above, any Director may move to close debate and request the President for a vote on a motion.

A meeting shall be adjourned by motion made, seconded and approved by a majority vote of the Board before voting on a motion.

During the portion of the agenda entitled Directors’ Comments, Board Members may comment upon any topic that is relevant to the District’s Board and which is not the subject of another agenda item. In the event a Board Member’s comments involve a proposed or prospective action of the Board, the matter should be referred to the General Manager to be placed on a future agenda of the Board or the Board may take action to direct the General Manager to place the matter on a future Board agenda. No action may be taken on an item raised during Directors’ Comments at the same meeting at which that item is raised unless the required procedures under the Brown Act are followed.

The Board may give directions that are not formal action. Such directions do not require formal procedural process. Such directions include the Board’s directives and instructions to the General Manager.

The President shall determine by consensus a Board directive and shall state it for clarification. Should any two (2) Directors challenge the statement of the President, a voice vote may be requested.

A formal motion may be made to place a disputed directive on a future agenda for Board consideration, or to take some other action (such as refer the matter to the General Manager for review and recommendation, etc.)

The Board President is given authority to make exceptions to this rule under special circumstances in which the subject matter is not appropriate to be considered at a future Board meeting and is appropriate for discussion as clarification, announcement or report of activities.

The President shall take whatever actions are necessary and appropriate to preserve order and decorum during Board meetings, including public hearings.

The President may eject any person or persons making personal, impertinent, or slanderous remarks, refusing to abide by a request from the President, or otherwise disrupting the meeting or hearing. The President may declare a short recess during any meeting.

By motion made, seconded and approved by a majority vote, the Board may, at its discretion and at any meeting:
A. Temporarily suspend these rules in whole or in part;

B. Amend these rules in whole or in part, or both.
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POLICY 207 – MAILED NOTICE OF MEETINGS

POLICY

The South Bay Irrigation District’s (District) agenda is posted on the Sweetwater Authority’s website and is available to be downloaded at no cost. Upon receipt of a written or telephone request, the Board of Directors (Board) authorizes its Secretary to mail the requested materials pertaining to the agenda packet at the time the agenda is posted or upon distribution to all, or a majority of all, of the members of the Board, whichever occurs first.

PROCEDURE

Any person may request that a copy of the agenda or a copy of all the documents constituting the agenda packet of any meeting of the Board be mailed to them. If requested, the agenda and documents in the agenda packet shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132.) Any request for mailed copies of agendas or agenda packets shall be valid for the calendar year in which it is filed, and must be renewed following January 1 of each year.

The Board has established a fee of $6.00 (this fee is low considering postage alone generally exceeds this amount) per month or $72.00 per year for mailing the agenda or agenda packet. If the fee that is established should be revised, it shall not exceed the cost of providing the service. The agenda packet may be provided on a compact disk rather than print copy, if so requested, at the actual reasonable cost.

Failure of the requesting person to receive the agenda or agenda packet pursuant to this policy shall not constitute grounds for invalidation of the actions taken by the Board at the meeting for which the agenda or agenda packet was not received.
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South Bay Irrigation District

FY 2020-21 Budget

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<td><strong>Total Expenses</strong></td>
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<td>26,036</td>
<td>27,300</td>
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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 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 10th day of June 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Hector Martinez, President

ATTEST:

Ligia Perez, Board Secretary
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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:

Adopted by Resolution ### on 6/10/20
POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS  

INVESTMENTS  
Policy 117

- 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.

Adopted by Resolution ### on 6/10/20
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:
POLICIES & PROCEDURES
FOR THE BOARD OF DIRECTORS

INVESTMENTS
Policy 117

- 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%]).

Adopted by Resolution ### on 6/10/20
**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 10th day of June 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 April 30, 2020

<table>
<thead>
<tr>
<th>Current Month</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>YTD % Over/Under</th>
<th>Total Annual Budget</th>
<th>Amount Remaining</th>
<th>% Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Revenue</td>
<td>319.27</td>
<td>1,067.76</td>
<td>1,125.00</td>
<td>-5.1%</td>
<td>1,500.00</td>
<td>432.24</td>
</tr>
<tr>
<td>Non-Operating Income</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>
</tr>
<tr>
<td>Fund Transfer</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.0%</td>
<td>25,800.00</td>
<td>25,800.00</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>319.27</td>
<td>1,067.76</td>
<td>1,125.00</td>
<td>-5.1%</td>
<td>27,300.00</td>
<td>26,232.24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>YTD</th>
<th>Budget</th>
<th>% Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweetwater Authority Staff</td>
<td>340.00</td>
<td>3,400.00</td>
<td>3,400.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Office Supplies &amp; Expenses</td>
<td>0.00</td>
<td>248.56</td>
<td>20.00</td>
<td>1142.8%</td>
</tr>
<tr>
<td>Conferences &amp; Meetings</td>
<td>2.00</td>
<td>81.09</td>
<td>82.00</td>
<td>-1.1%</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>
</tr>
<tr>
<td>Directors Fees</td>
<td>501.00</td>
<td>5,701.00</td>
<td>4,500.00</td>
<td>26.7%</td>
</tr>
<tr>
<td>Payroll Expense</td>
<td>39.25</td>
<td>437.05</td>
<td>400.00</td>
<td>9.3%</td>
</tr>
<tr>
<td>Legal Fees &amp; Costs</td>
<td>609.00</td>
<td>7,967.36</td>
<td>5,300.00</td>
<td>50.3%</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>
</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>
</tr>
<tr>
<td>Workers Compensation Insurance</td>
<td>0.00</td>
<td>63.21</td>
<td>75.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Telephone</td>
<td>19.20</td>
<td>195.25</td>
<td>200.00</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Community Outreach</td>
<td>0.00</td>
<td>0.00</td>
<td>2,500.00</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>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>1,510.45</td>
<td>22,573.29</td>
<td>22,397.00</td>
<td>0.8%</td>
</tr>
</tbody>
</table>
South Bay Irrigation District  
Monthly Treasurer's Report  
Accounting of Receipts, Disbursements and Fund Balances  
April 30, 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>$18,791.86</td>
<td>$63,437.05</td>
<td>$82,228.91</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>319.27</td>
<td>319.27</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$319.27</td>
<td>$319.27</td>
<td>$319.27</td>
</tr>
<tr>
<td><strong>Vendor Warrants</strong></td>
<td>$1,551.75</td>
<td>-</td>
<td>$1,551.75</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>$1,551.75</td>
<td>-</td>
<td>$1,551.75</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$17,240.11 (1)</td>
<td>$63,756.32 (2)</td>
<td>$80,996.43</td>
</tr>
<tr>
<td><strong>Outstanding Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deposits</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Vendor Warrants</strong></td>
<td>(92.35)</td>
<td>-</td>
<td>(92.35)</td>
</tr>
<tr>
<td><strong>Adjusted Fund Balances</strong></td>
<td>$17,147.76</td>
<td>$63,756.32</td>
<td>$80,904.08</td>
</tr>
</tbody>
</table>

(1) Bank of America statement balance  
(2) Managed pools, certificates of deposit, etc.
South Bay Irrigation District
Investment Portfolio
April 30, 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>21%</td>
<td>5%</td>
<td>17,240.11</td>
<td>17,147.76</td>
<td>17,147.76</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>1.648%</td>
<td>79%</td>
<td>$40 M</td>
<td>63,756.32</td>
<td>63,756.32</td>
<td>63,765.69</td>
</tr>
<tr>
<td>Total Investment Portfolio</td>
<td>100%</td>
<td></td>
<td></td>
<td>80,996.43</td>
<td>80,904.08</td>
<td>80,913.45</td>
</tr>
</tbody>
</table>

Average Weighted Yield = 1.297%

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