

# **POLICIES AND PROCEDURES MANUAL**

**BOARD OF DIRECTORS**



**REVISED 2016-2017**



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**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**OFFICIAL SEAL  
Policy 101**

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**POLICY 101 – OFFICIAL SEAL**

**POLICY**

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

**PROCEDURE**

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

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





**POLICY 102 – PURPOSE OF BOARD POLICIES**

**POLICY**

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

**PROCEDURE**

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

If any policy or portion of a policy contained within the Policies and Procedures Manual is in conflict with rules, regulations, or legislation having authority over the District, said rules, regulations, or legislation shall prevail.



**POLICY 103 – ADOPTION/AMENDMENT OF POLICIES**

**POLICY**

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

**PROCEDURE**

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

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

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

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



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**POLICY 104 – CODE OF ETHICS**

**POLICY**

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

**PROCEDURE**

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

- A. The dignity, style, values, and opinions of each Director shall be respected.
- B. Responsiveness and attentive listening in communication are encouraged.
- C. The needs of the District's constituents should be the priority of the Board of Directors. When a Director believes he/she may have a conflict of interest, the Director may consult legal counsel to assist the Director in making a determination if one exists or not. If the Director determines that there is a conflict of interest or an appearance of a conflict of interest with respect to any official action that he or she needs to take as a Director, then the Director is responsible for disclosing such conflict and recusing himself or herself in accordance with applicable law and regulations.
- D. The primary responsibility of the Board of Directors is the formulation and evaluation of policy and making financial decisions in a financially responsible manner, as required by law. Routine operational matters concerning the operational aspects of the District are generally to be delegated to professional staff members of the District for regular business; however, the Board may, under special circumstances, provide direction on operational matters on items under the Board's consideration.
- E. Directors should commit themselves to emphasizing the focused, relevant, thoughtful, positive contributions to the discussion and collaborative analytical process, avoiding double talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.
- F. Directors should commit themselves to focusing on issues and not personalities or other prejudices. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.
- G. Differing viewpoints are healthy in the decision-making process. Individuals have the



right to disagree with ideas and opinions in a courteous manner, without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and should not create barriers to the implementation of said action.

- H. Directors should develop a working relationship with the General Manager wherein current issues, concerns, and District projects can be discussed comfortably and openly. In seeking clarification on informational items, Directors should approach the General Manager or Assistant General Manager to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.
- I. In handling complaints from residents and property owners of the District, said complaints should be referred directly to the General Manager.
- J. In handling items related to safety, concerns for safety, or hazards should be reported to the General Manager or Assistant General Manager.
- K. In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager or legal counsel.
- L. When approached by Authority personnel concerning specific Authority policy, Directors should direct the Authority personnel to the General Manager. Directors may directly consult with the General Manager or legal counsel.
- M. The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.
- N. When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.
- O. Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively.
- P. Directors are responsible for monitoring the District's progress in attaining the goals and objectives, while pursuing its mission of continued existence to assure its residents of the right to purchase their fair share of available imported water.
- Q. Directors who consistently ignore or violate these procedures may be subject to censure by the Board or removal from representing the Board at any activities where they might be designated by the Board as a representative of the District.



**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**CODE OF ETHICS  
Policy 104**

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**POLICY 105 – BOARD PRESIDENT AND VICE PRESIDENT**

**POLICY**

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

**PROCEDURE**

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

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

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

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

The duties and responsibilities of the President include the following:

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



**POLICY 106 – MEMBERS OF THE BOARD OF DIRECTORS**

**POLICY**

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

**PROCEDURE**

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

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

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

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

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

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

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



**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**MEMBERS OF THE  
BOARD OF DIRECTORS  
Policy 106**

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Requests by individual Directors for substantive information and/or research will be channeled through the General Manager and through the Board if the request entails substantial effort or cost. Individual Board members shall not act independently to direct Management, the Board Secretary, Treasurer, or Controller in the performance of their duties, or to provide or compile data, information, or reports.



**POLICY 107 – VACANCIES ON THE BOARD OF DIRECTORS**

**POLICY**

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

**PROCEDURE**

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

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

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

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

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

If the vacancy occurs in the first half of a term of office and at least one hundred and thirty



**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**VACANCIES ON THE  
BOARD OF DIRECTORS  
Policy 107**

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

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

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

Pursuant to Water Code Section 21100.7, the general requirement that a Director of an Irrigation District be a landowner in the District does not apply to the South Bay Irrigation District.



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**POLICY 108 – DISTRICT GENERAL ELECTION OF DIRECTORS**

**POLICY**

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

**PROCEDURE**

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

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

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

- A. At least 125 days before the date fixed for a General District Election, deliver boundary maps (or verify the District's Boundary Maps on file with the Registrar of Voters) showing District and division boundaries and a statement indicating in which divisions a Director is to be elected, or whether any elective officer is to be elected at large. (The Engineering Department of Sweetwater Authority verifies the maps for the District.)
- B. On the 125th day before the date of a General District Election, deliver notice designating which elective offices are up for election. (The Board Secretary verifies and provides this information.)
- C. On the 125th day before the date of a General District Election, deliver notice designating who will pay for publication of the Candidates' Statements of Qualifications – the District or each Candidate. The statements are printed in the sample ballot pamphlet and mailed to all registered voters of the District. (The District has determined that each Candidate will pay for his/her own "Statement of Qualifications.")

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



The packet includes:

- A. A copy of the legal notice of election that should be posted in the District office by the Board Secretary, and
- B. Forms for declaration of candidacy for District offices to be issued to candidates who wish to take out papers from the District's office, if authorized by the Registrar of Voters. Completed forms for declaration of candidacy must be filed **only** in the office of the Registrar of Voters.

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

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



**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**OATH OF OFFICE AND  
SEATING OF  
ELECTED DIRECTORS  
Policy 109**

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**POLICY 109 – OATH OF OFFICE AND SEATING OF ELECTED DIRECTORS**

**POLICY**

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

**PROCEDURE**

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

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



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## **POLICY 110 – DIVISION BOUNDARIES**

### **POLICY**

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

### **PROCEDURE**

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

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

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

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

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

The Directors of adjusted divisions shall be determined as provided in Elections Code Section 22000(e).



**POLICIES & PROCEDURES  
FOR THE BOARD OF DIRECTORS**

**DISTRICT NAME  
Policy 111**

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**POLICY 111 – DISTRICT NAME**

**POLICY**

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

**PROCEDURE**

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

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

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

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



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**POLICY 112 – MASS MAILINGS**

**POLICY**

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

**PROCEDURE**

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

- 1) Any item sent is delivered, by any means, to the recipient at his or her residence, place of employment or business, or post office box. For the purposes of this criterion, the item delivered to the recipient must be a tangible item, such as a videotape, record, button, or a written document.
- 2) The item sent either:
  - (a) Features an elected officer affiliated with the agency which produces or sends the mailing; or
  - (b) Includes the name, office, photograph, or other reference to an elected officer affiliated with the agency which produces or sends the mailing, and is prepared or sent in cooperation, consultation, coordination, or concert with the elected officer
- 3) Any of the costs of distribution are paid for with public monies; or costs of design, production, and printing exceeding \$50 are paid with public monies, and the design, production, or printing is done with the intent of sending the item other than as permitted by this regulation.
- 4) More than two hundred (200) substantially similar items are sent in a single calendar month, excluding any item sent in response to an unsolicited request and any item described in Subdivision (B), below.

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

- 1) Any item in which the elected officer's name appears only in the letterhead or logotype of the stationery, forms (including "For Your Information" or "Compliments of" cards), and envelopes of the agency sending the mailing, or of a committee of the agency, or of the elected officer, or in a roster listing



## **POLICIES & PROCEDURES FOR THE BOARD OF DIRECTORS**

## **MASS MAILINGS Policy 112**

containing the names of all elected officers of the agency. In any such item, the names of all elected officers must appear in the same type, size, typeface, type color, and location. Such item may not include the elected officer's photograph, signature, or any other reference to the elected officer, except as specifically permitted in this Subdivision (B) (1) or elsewhere in this regulation.

- 2) A press release sent to members of the media.
- 3) Any item sent in the normal course of business from one (1) governmental entity or officer to another governmental entity or officer.
- 4) Any intra-agency communication sent in the normal course of business to employees, officers, deputies, or other staff.
- 5) Any item sent in connection with the payment or collection of funds by the agency sending the mailing, including tax bills, checks, and similar documents, in any instance where use of the elected officer's name, office, title, or signature is necessary for the payment or collection of funds. Such item may not include the elected officer's photograph, signature, or any other reference to the elected officer except as specifically permitted in this paragraph or elsewhere in this regulation.
- 6) Any item sent by an agency responsible for administering a government program, to persons subject to that program, in any instance where the mailing of such item is essential to the functioning of the program; where the item does not include the elected officer's photograph; and where use of the elected officer's name, office, title, or signature is necessary to the functioning of the program.
- 7) Any legal notice or other item sent as required by law, court order, or order adopted by an administrative agency pursuant to the Administrative Procedure Act, and in which use of the elected officer's name, office, title, or signature is necessary in the notice or other mailing. For purposes of this paragraph, inclusion of an elected officer's name on a ballot as a candidate for elective office, and inclusion of an elected officer's name and signature on a ballot argument, shall be considered necessary to such a notice or other item.
- 8) A telephone directory, organization chart, or similar listing or roster which includes the names of the elected officers, as well as other individuals in the agency sending the mailing, where the name of each elected officer and individual listed appears in the same type face, and type color. Such item may not include an elected officer's photograph, name, signature, or any other reference to an elected office, except as specifically permitted in this paragraph or elsewhere in this regulation.



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- 9) An announcement of any meeting or event of the type listed in the following subparagraphs (i) and (ii), provided, however, that the announcement does not include the elected officer's photograph or signature and may include only a single mention of the elected officer's name except as permitted elsewhere in this regulation:
    - (i) An announcement sent to an elected officer's constituents concerning a public meeting which is directly related to the elected officer's incumbent governmental duties, which is to be held by the elected officer, and which the elected officer intends to attend.
    - (ii) An announcement of any official agency event or events for which the agency is providing the use of its facilities or staff, or other financial support.
  - 10) An agenda or other writing that is required to be made available pursuant to Sections 11125.1 and 54957.5 of the Government Code, or a bill, file, history, journal, committee analysis, floor analysis, agenda of an interim or special hearing of a committee of the Legislature, or index of legislation, published by the Legislature.
  - 11) A business card which does not contain the elected officer's photograph or more than one (1) mention of the elected officer's name.

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

- 1) **"Elected officer affiliated with the agency"** - an elected officer who is a member, officer, or employee of the agency, or of a subunit thereof, such as a committee, or who has supervisory control over the agency, or who appoints one (1) or more member of the agency.
- 2) **"Features an elected officer"** - the item mailed includes the elected officer's photograph or signature, or singles out the elected officer by the manner of display of his or her name or office in the layout of the document, such as by headlines, captions, type size, type face, or type color.



## **POLICY 113 – COMMITTEES OF THE BOARD OF DIRECTORS**

### **POLICY**

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

### **PROCEDURE**

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

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

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

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

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

All meetings of Ad Hoc Committees shall conform to all open meeting laws (e.g., “Brown Act”) that pertain to Regular meetings of the Board. All meetings of Ad Hoc Committees shall be audio-taped.



## **POLICY 114 – OTHER APPOINTED OFFICERS**

### **POLICY**

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

### **PROCEDURE**

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

The Assistant General Manager shall be appointed by the General Manager and shall serve as the General Manager in the General Manager's absence.

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

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

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

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



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**POLICY 115 – REPRESENTATIVE TO THE SAN DIEGO COUNTY WATER AUTHORITY**

**POLICY**

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

**PROCEDURE**

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

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

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

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

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



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## **POLICY 116 – LAFCO REPRESENTATIVES**

### **POLICY**

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

### **PROCEDURE**

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

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

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



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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:

- 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 [jj]) in overnight and term repurchase agreements (sweep accounts) with banks or Primary Dealers rated "A" or better by either Moody's Investor Service, Inc., Standard & Poor's, or Fitch with which the District has entered into a master repurchase agreement. This agreement will be modeled after the Public Securities Association master repurchase agreement.

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis by the Treasurer and/or Deputy Treasurer and will not be permitted to fall below one hundred two (102) percent of the value of the repurchase agreement. Collateral shall not include strips, zero (0)-coupon instruments or instruments with maturities in excess of five (5) years. The right of substitution will be granted, provided that permissible collateral is maintained.

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

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

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

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

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

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

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

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

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

- The corporation shall be organized and operating within the United States; shall have total assets in excess of five hundred million dollars (\$500,000,000); and shall issue debt other than commercial paper, if any, that is rated in a rating category of "A" (Government Code Section 53601 [h]) or its equivalent or higher by a nationally recognized statistical-rating organization.
- The corporation shall be organized within the United States as a special purpose corporation, trust, or limited liability company; have program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally rated statistical-rating organization.

Eligible commercial paper may not exceed two hundred seventy (270) days maturity nor represent more than twenty-five (25) percent of the District's total investment portfolio, and no more than ten (10) percent of outstanding commercial paper may be purchased from any single issuer (Government Code Section 53601 (h).)

Joint Powers Authority: The District may invest funds in shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, provided that the joint powers authority issuing shares has retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, has assets under management in excess of five hundred million dollars (\$500,000,000), and has at least five (5) years of experience investing in securities authorized under Government Code Section 53601. No more than twenty (20) percent of the District's funds may be held by any one (1) pool.

## **Derivatives**

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

## **Portfolio Limitations**

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

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

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

In the event that an investment originally purchased within policy guidelines is downgraded by any one (1) of the credit rating agencies, the Treasurer shall report it at the next regularly scheduled Board meeting.

### **Other Considerations**

When securities of like credit quality, maturity, and price are available, it is the policy of the District Board to invest in securities issued by domestic based entities.

### **Ineligible Investments**

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

### **Internal Controls**

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

### **Qualified Banks and Securities Dealers**

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

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

All financial institutions and brokers/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to certificate of deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to certificate of deposit counterparties)
- Certification of having read and understood and agreeing to comply with the (entity's) investment policy
- Evidence of adequate insurance coverage

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

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

### **Risk Tolerance**

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

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

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the six (6)-month Treasury Bill yield. Any level of return above

this measure should be reviewed in order to ensure that such investments meet the criteria previously specified.

In addition to these general policy considerations, the following specific policies will be strictly observed:

- All transactions will be executed on a delivery-versus-payment basis except for purchase of certificates of deposit when purchased through a registered investment securities dealer.
- A competitive bid process (two [2] or more brokers/dealers), when practical, will be used to place all investment purchases and sales.

### **Safekeeping and Custody**

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

### **Ethics and Conflicts of Interest**

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

### **Investment Policy**

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

## GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

**Deep Discount Treasury Bonds** - A price well below par or a security selling at a price well below par (i.e., ninety percent [90%]).

**Delivery-versus-payment basis** - Funds are not wire-transferred until the securities are delivered. If the transfer is accomplished through the federal wire system, the investor is notified before cash is released. If a third party acts as custodian, funds are released by the custodian or the customer only when delivery is accomplished.



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**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.



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**POLICY 118 – ATTENDANCE AT MEETINGS**

**POLICY**

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

**PROCEDURE**

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

- A. His or her absence from the state without the permission required by law beyond the period allowed by law.
- B. His/her ceasing to discharge the duties of his or her office for the period of three (3) consecutive months, except when prevented by sickness, or when absent from the state with the permission required by law.

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

- A. Upon business of the state or the municipality.
- B. With the consent of the Legislature or the Governing Body of the municipality.

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



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**POLICY 119 – PER DIEM AND REIMBURSEMENT**

**POLICY**

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

**PROCEDURE**

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

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

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

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

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



- completion, or
- 4) the meeting is only available by teleconferencing or internet and the Director's Fee is approved in accordance with Policy 120, or
  - 5) the Director is an appointed District representative to an organization and that organization's meeting is available by teleconferencing or the Internet.

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

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

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

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

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

If two (2) or more Directors travel in the same car, the Director driving will receive full mileage reimbursement, provided that said mileage does not exceed the cost of economy



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class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination for all the Directors who traveled in the same car.

Directors should travel together whenever feasible (2 maximum – see Policy 121) and economically beneficial and register sufficiently in advance, when possible, to obtain discounted travel, lodging, tuition, and registration expenses.

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

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

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

Directors shall use government and group rates offered by a provider of transportation or lodging services or travel and lodging, when available.

The Board Secretary may arrange for certain group travel including prepaying the fares,



**POLICIES & PROCEDURES  
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**PER DIEM AND REIMBURSEMENT  
Policy 119**

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fees, tips, and gratuities. There shall be no reimbursement for fares, fees, tips, or gratuities paid by Directors if these were prepaid by the Authority.

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

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

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

The Board Secretary shall distribute a quarterly report containing Directors' expenses reimbursed under this Policy. The reports shall be presented to the Board at the meetings of January, April, July, and October.



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

**POLICY**

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

**PROCEDURE**

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

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

Attendance by Directors at meetings, seminars, workshops, and conferences (other than those that are already pre-approved as designated events which constitute the performance of official duties) shall be approved by the Board prior to payment of Director's Fees or



incurring any reimbursable actual and necessary expenses. A Director shall not attend a conference or training event (other than those that are already pre-approved as designated events which constitute the performance of official duties) that does not cover matters within the subject-matter jurisdiction of the Board.

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

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

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

- A. California Special Districts Association, both state and San Diego Chapter (CSDA)
- B. Council of Water Utilities, San Diego County
- C. San Diego County Water Authority (SDCWA)
- D. Local Agency Formation Commission (LAFCO)
- E. Best Best & Krieger (BB&K) seminars
- F. Water Conservation Garden Authority Board Meeting (designated Director)

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



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**Policy 120**

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vendor or the State of California provided the Director submits a certificate of completion.

The compensation paid to Board members for sitting on the Board or acting under its orders shall be \$100 per diem, and continuing until changed by Resolution of the Board of Directors. (See Policy 119)



## **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)).



**POLICIES & PROCEDURES  
FOR THE BOARD OF  
DIRECTORS**

**FAX MACHINES, EMAIL,  
SOCIAL MEDIA, AND OTHER  
ELECTRONIC COMMUNICATION  
METHODS  
Policy 123**

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**POLICY 123 – FAX MACHINES, EMAIL, SOCIAL MEDIA, AND OTHER ELECTRONIC  
COMMUNICATION METHODS**

**POLICY**

To establish guidelines ensuring compliance with the Ralph M. Brown Act (Brown Act) when using FAX machines, 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 FAX machines, 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.

For additional information concerning communicating with members of the Board, refer to Policy 113.



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## **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).



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**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.)



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**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.



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## **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).



**POLICIES & PROCEDURES  
FOR THE BOARD OF  
DIRECTORS**

**BOARD ACTIONS AND  
DECISIONS  
Policy 204**

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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 fireproof vault or in fire-resistant, locked cabinets. 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 –



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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;



**POLICIES & PROCEDURES  
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**MINUTES OF BOARD MEETINGS  
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- 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 Board 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.



## **POLICIES & PROCEDURES FOR THE BOARD OF DIRECTORS**

## **RULES OF ORDER FOR BOARD AND COMMITTEE MEETINGS**

### **Policy 206**

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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;

Revised and Approved on 6/14/17



**POLICIES & PROCEDURES  
FOR THE BOARD OF  
DIRECTORS**

**RULES OF ORDER FOR BOARD  
AND COMMITTEE MEETINGS**

**Policy 206**

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- 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 \$4.00 (this fee is low considering postage alone generally exceeds this amount) per month or \$48.00 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.