

Manteca, California
January 10, 2006

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:00 a.m.

Upon roll call the following members were noted present:

DIRECTOR: DEGROOT KAMPER ROOS SCHULZ KUIL

Also present were Secretary/Manager Stroud, District Counsel Emrick, and Engineering Department Supervisor Bologna.

President Roos called the meeting to order and asked for public comment. There being none he asked the Board to consider approving the Consent Calendar Items as submitted.

- A. Approval of SSJID Warrants of \$1,862,592.55 and Payrolls of 206,565.80.
- B. Approval of the Regular Board Meeting Minutes of December 13, 2005.
- C. Approve the following Irrigation Service Abandonment Agreements:

Agreement	Acreage	APN	Owner	Action
1476	.88	227-030-22	White, Charles	Exempt
1477	5.17	227-380-08	Lopez, Federico & Auroa	Exempt
1478	27.96	245-120-141	Ballatore, Berto & Jacqueline	Non-Exempt
1479	5.00	228-020-38	Papadoulis, Sophia	Non-Exempt
1480	2.40	245-030-19	Van Derostyne, John & Mary	Non-Exempt
1481	.75	245-070-15	Smiley, Mary Jo	Exempt
1482	5.88	245-080-27	Ballatore, Berto & Jacqueline	Non-Exempt
1483	6.02	245-080-28	Ballatore, Berto & Jacqueline	Non-Exempt
1484	.56	226-180-11	Voorheis, Linda	Exempt
1485	18.58	197-020-38	Freitas, Albert & Edna, Et Al	Exempt
1486	39.13	204-100-11	DeGroot, C & Sons	Exempt
1487	1.20	204-100-12	DeGroot, Nick C & Trudy M	Exempt
1488	5.00	204-100-13	DeGroot, Nick C & Trudy M	Exempt
1489	29.74	204-100-14	DeGroot, C & Sons	Exempt

Director DeGroot disqualified himself.

Motion by Kuil, seconded by Schulz, to approve the Consent Calendar as submitted.

PASSED AND ADOPTED this 10th day of January 2006 by the following roll call vote:

Ayes: Kamper Roos Schulz Kuil
None: None
Disqualified: DeGroot

Review committee assignments & appointments of Officers. President Roos asked if anyone had a problem with their current assignments. There being no response, it was moved by DeGroot, seconded by Kuil, and unanimously carried, to approve the assignments and appointments of officers as submitted.

Authorize approval of Ken Hill Estates development and authorize signature of appurtenant documents for the same. Bologna told the Board this is a small project. It involves the developer replacing 300 feet of 42" pipe, our cost is \$7,200. He recommends approval to the following conditions and requirements, (Exhibit "C" of Developer's Agreement);

- a. Owner/developer shall submit a full set of improvement plans (showing all proposed improvements relating to the development) to the South San Joaquin Irrigation

District Engineering Department for approval and comply with all standard requirements concerning the Lateral “Ya” replacement.

- b. Owner/developer shall convey a new easement for the replaced portions of Lateral “Ya” located within the development and enter into an Encroachment Agreement with the District for all proposed encroachments.
- c. Owner/developer shall not build or develop within portions of property encumbered by the District’s easement until the replacement of the District’s pipeline has occurred in accordance with approved plans and a full set of development improvement plans are submitted for review and approval.
- d. Owner/developer shall notify South San Joaquin Irrigation District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operational prior to deadlines established by the District. The deadline for work is typically February 15th of any given year.
- e. Owner/developer acknowledges that acceptance of storm water for this project will be subject to execution of an Interim Drainage Agreement with the City of Manteca.

Motion by DeGroot, seconded by Kamper, and unanimously carried, to approve the development and authorize signature of documents subject to items a. through e. above.

Consider approving purchase of 2 new vehicles for the Water Treatment System. Stroud recommended purchasing the 2 units from the low bidder Steve’s Chevrolet at \$14,452.64 each. After discussion relative to transferring used units to the treatment plant, it was moved by Kamper, seconded by DeGroot, to approve purchasing the new units at Steve’s Chevrolet at a total cost of \$28,905.28.

Motion Carried, Ayes 3, Noes 2, with Directors Roos and Kuil voting No.

President Roos asked Water Treatment System Manager Hubkey to report to the Board. Hubkey said that Black & Veatch met with Overaa yesterday, reviewed the punch list, and will issue a report shortly. He said relative to the job openings at the plant: For the Instrument Control Tech we have 7 applications; for Laborer we have 3 applications; and for Operators we have to date received no applications. The job specification review and compensation competitiveness review are underway and may be on the next Board agenda.

The Citrus Acid problem we are having may be corrected by replacing it with Phosphoric Acid. Black & Veatch is working on Zenon to confirm the change will not adversely affect the membrane warranty and they are working on the cost estimates for the construction changes to finish the project and reduce the labor intensity of the processes. President Roos thanked Hubkey and asked the Board to return to the agenda.

Consider approving Resolution No. 06-01-Q, Authorizing the Disposition of Property No Longer Necessary for District Purposes. Motion by Kamper, seconded by DeGroot, and unanimously carried, to adopt Resolution No. 06-01-Q.

**RESOLUTION 06-01-Q
AUTHORIZING THE SALE OF PROPERTY NO
LONGER NECESSARY FOR DISTRICT PURPOSES**

WHEREAS, the District may dispose of equipment it finds no longer necessary for District purposes; and

WHEREAS, the following equipment is in poor condition, has been replaced and is no longer adequate for District operations:

- 1 Ricoh Copier
- 1 Minolta 8015 Copier
- T-30-96, T-37, and T-5 (unlicensed utility trailers)
- 1 Dell Optiplex GX110 #1021
- 1 Dell Optiplex GX110 #8NRZ301

1 Dell Optiplex GX150 #1094
1 AMD Sempron PC #1070
1 Computer Link PC #1027
1 Dell monitor #1026; and

WHEREAS, District records indicate that the equipment does not have a book value; and

WHEREAS, it has been determined that the equipment does not have a resale value; and

THEREFORE, BE IT RESOLVED that the District finds the equipment surplus and authorizes staff to properly dispose of the equipment.

PASSED AND ADOPTED this 10th day of January, 2006 by the following roll call vote:

AYES: Kamper Kuil Schulz DeGroot Roos

Consider adopting Resolution No. 06-02-F, South San Joaquin Irrigation District Investment Policy. Stein reported there are no required changes from legislation or new laws. He indicated we currently have over 25 million dollars, 10.5 million dollars in LAIF and the balance with Crocker. It was the consensus of the Board to take the balance in LAIF down to around 4 million dollars, and to look at the investment portfolio and see if some securities could be sold at this time to improve our return on investment. Stein said he would get with Kevin Martin of Crocker Securities and analyze the current investments. Motion by Schulz, seconded by Kamper, to adopt Resolution no 06-02-F as submitted.

**RESOLUTION NO. 06-02-F
SOUTH SAN JOAQUIN IRRIGATION DISTRICT
INVESTMENT POLICY**

I. Statement of Purpose:

This Policy is to provide direction for the investments of funds which are directly managed by the District and establish reporting procedures for all investments for oversight review. The District treasurer is delegated the responsibility to invest and reinvest District funds and to sell or exchange District securities and to make periodic reports to the Board of Directors in accordance with this Investment Policy.

II Investment Objectives:

The following are the objectives of the District's investment policy, in order of priority:

A. The primary investment objective is safety: It is the primary duty and responsibility of all persons directing investments to protect, preserve and maintain the principal from any loss by mitigating the two types of risk: credit risk and market risk.

B. The secondary investment objective is liquidity: An adequate amount will be maintained in liquid short terms securities which can be converted to cash as necessary to meet disbursement requirements.

C. The third investment objective is yield: Yield will be considered only after the basic been met.

III. Delegation of Authority and Investment Guidelines and Restrictions:

A. District's funds shall be managed in a manner consistent with this Policy.

B. The Treasurer is delegated the authority to invest or to reinvest the District's funds and to sell or exchange securities in accordance with this Policy until the delegation of authority is revoked or expires.

C. General Guidelines:

1. The Treasurer will develop and maintain a cash flow analysis for the projection of needed funds.

2. The Treasurer is authorized to invest that portion of or all of the District's funds not required for immediate use in the Local Agency Investment Fund (LAIF) and the investments authorized in this Policy, subject to such limitations as may be imposed by the Finance Committee or the Board of Directors. The Treasurer is authorized to utilize Crocker Securities LLC, or such other licensed investment advisor as may be authorized by the Finance Committee or the Board of Directors, to invest the District's funds not required for immediate use.

3. When banking transactions involve sums of money greater than \$100,000, the Treasurer shall take such steps to insure the depository bank maintains sufficient securities for the deposits as set forth in California Government Code section 53652. It is intended that bank deposits and balances in excess of \$100,000 are for short duration, e.g. 2 to 3 days before disbursements or transfers out are made.

D. The following additional guidelines and restrictions shall be followed by the Treasurer when making investments:

1. All funds invested on behalf of the District will be managed to meet the requirements in California Code Section 53600 et seq., and this Policy.

2. The legal, final maturity of any single security within the portfolio will not exceed 5 years at purchase, with maturities laddered to protect against market swings.

3. The Weighted Average Life of the portfolio will not exceed 3 years.

E. The following are permitted investments:

1. Bonds issued by the District, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the District or by a department, board, agency, or authority of the District.

2. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

3. Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the State.

4. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

5. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

6. Corporate obligations, including corporate debentures and medium term notes, must be rated **■A■** or its equivalent or better by a nationally recognized rating service and no more than 30% of the portfolio will be invested in this sector at any one time.

7. The Treasurer may place District funds in negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a

federal association, a state or federal credit union, or by a state licensed branch of a foreign bank subject to the following provisions:

a). The Treasurer shall obtain a sampling of interest rates offered by the various banking, credit union, and savings associations within California, and provide a written record of the interest rates offered and provide copies to members of the Finance Committee. Said records will contain such additional information as required by the Finance Committee. Except as provided herein, the Treasurer shall not poll an institution if the District has reached the limit for investment within same pursuant to District policy and current guidelines. An institution containing the maximum amount permitted by policy may be polled relative to its interest rates if the District monies which are coming due and subject to reinvestment are within the same calendar year.

b). The Treasurer shall select banks, credit unions, and savings associations.

c). The following additional deposit limitations shall apply:

(1) Deposits in negotiable certificates of deposits shall be subject to the limitations in Section 53638 of the California government Code, and to the additional restrictions set forth below.

(2) Treasurer shall limit deposits to \$100,000 in any bank, credit union, or savings association with a net worth to net an asset ratio of less than 3% during the most recently reported quarter.

(3) The treasurer shall limit deposits to \$300,000 in all banks, credit unions, and savings associations having a net worth to net an asset ratio higher than 3.0% and experiencing a positive earning record.

(4) No more than 30% of the District's surplus funds shall be invested in Certificates of Deposit.

d). The depository institution shall maintain sufficient securities for the deposits as set forth in California Government Code Section 53652. Pursuant to Section 53653 of the Local Agency Deposit Security Law, the Treasurer may waive security for such funds as are insured pursuant to Federal Law.

e). The Treasurer may not invest in deposits issued by a State or Federal credit union in which a Board member, the Treasurer or any other person with investment authority, serves on the board of directors, any committee appointed by the board of directors, the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

8. Purchases of Bankers Acceptances may not exceed 180 days maturity or 40% of the Districts surplus money. Further, no more than 30% of the District's surplus funds shall be invested in Bankers Acceptances of any commercial bank.

9. Purchases of prime quality commercial paper from eligible issuers as authorized by Section 53601(g) may not exceed 270 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation. Further, purchases of commercial paper may not exceed 15% of the District's surplus money being invested.

10. The District's Finance Committee may authorize the Treasurer to invest in:

a). mortgage-backed bonds and other collateralized obligations as provided in and subject to the provisions in Section 53601(n) and subject to the following additional limitations:

G.N.M.A. 50% of the total dollar amount permitted.

- F.N.M.A. 20% of the total dollar amount permitted.
- F.L.B. 50% of the total dollar amount permitted.
- F.F.C.B. 50% of the total dollar amount permitted.
- OTHERS 10% of the total dollar amount permitted.

Investment in these obligations shall not exceed 10% of the District's portfolio excluding the amount invested in LAIF.

The Treasurer may on a case-by-case basis as authorized by the District's Finance make investments with fluid maturity dates to permit managed G.N.M.A. Funds.

b). Repurchase Agreements on a case-by-case basis subject to provisions of Section 53601(i). In addition, the dollar value of Repurchase agreements amounts as may be invested in the LAIF account. Further investments of this nature shall not exceed \$500,000 in one institution or placed through one brokerage firm. During emergency situations this amount may be temporarily exceeded for up to seven days by the Treasurer.

F. The Portfolio Performance Manager will provide to the Treasurer:

1. On at least a quarterly basis, the results of the portfolio performance. Investment performance to be measured against a commonly accepted market benchmark which approximates the specific restrictions on the portfolio. Consideration will be given to the extent to which the investment results are consistent with the investment objectives set forth in this policy.

2. On a monthly basis a report with at least the following information:

- Description of investment
- Date purchased
- Maturity date
- Amount of investment on a cost and on a current market basis
- Coupon rate
- Yield to Maturity at Purchase
- A statement that all investments are in accordance with this

Policy

G. The District's Finance Supervisor is empowered to transfer monies and make investments on behalf of the District in the absence, or at the direction, of the Treasurer subject to the limitations in these guidelines.

IV. Reporting Requirements

A. The Treasurer shall submit to the Board of Directors on a monthly basis a report of the District's monthly investment transactions pursuant to Government Code §53607.

B. The Treasurer shall prepare periodic reports (at least quarterly) for the General Manager and Board of Directors reflecting the details of investments, returns and balances. Supplemental or more frequent reports as requested by the Board or as determined by the General Manager or Treasurer will be prepared.

C. The Treasurer shall annually render to the Board of Directors a statement of investment policy, which the Board shall consider at a public meeting. Any changes in the policy shall also be considered by the Board at a public meeting.

D. On an annual basis the Treasurer will instruct the District's Auditor to perform a review of California Law and prepare a written report of all changes in the law for examination by the District's Finance Committee. Said reports shall contain the Auditor's recommendation for adoption of new investments, and shall be preceded with a brief summary relative to the effect of recent changes in Federal and State laws upon the District's Investment Policies, Objectives, Guidelines and Restrictions.

PASSED AND ADOPTED this 10th day of January 2006 by the following roll call vote:

Ayes:	DeGroot	Kamper	Roos	Schulz	Kuil
Noes:	None				

Consider authorizing approval of Assieh Development and signature of appurtenant documents for the same. Bologna said the project involves an 80 acre parcel to be used for industrial warehousing. Bologna recommended approval subject to the following conditions:

- a) Owner/developer shall submit improvement plans to the Engineering Department for approval and comply with all standard requirements concerning connection to the FCOC.
- b) Owner/developer shall not construct any drainage improvements until the District has approved plans as they relate to improvements to the District's FCOC facilities.
- c) Owner/developer shall enter into an Encroachment Agreement with the District for all proposed encroachments.
- d) Owner/developer shall notify District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operational by February 15, 2006 or as otherwise approved by the District.
- e) Owner/Developer acknowledges that acceptance of storm water for this project is further subject to the following which are continuing conditions to the discharge of storm water from the subject property to District facilities: 1) The continuing operation and maintenance in good condition of a filtering system acceptable to District to remove various pollutants from storm water before drainage to District facilities. 2) Payment of money for Cities improvement of culverts on the FCOC in accordance with their master plan. 3) Written acknowledgement by the City that they have analyzed the drainage improvements from this site and that is in compliance with standards set forth in agreements between the City and the District.
- f) Owner/developer shall convey 100 foot wide strip of land in fee to District for the FCOC.
- g) Owner/developer shall comply with all standard requirements pertaining to development as directed by District staff.

Motion by Kuil, seconded by Schulz, and unanimously carried, to authorize execution of documents subject to compliance with recommendations a) through g) shown above.

Authorize approval of Christian Worship Center development and signature of appurtenant documents for the same. Bologna recommended approval subject to items a) through e) as follows:

- a) Owner/developer shall submit improvement plans for the entire Church project development to the Engineering Department for approval and comply with all standard requirements concerning replacement of all facilities located within the development as specified in the tentative map conditions adopted for the project.
- b) Owner/developer shall not build or develop within District easement until the replacement of the District's facilities has occurred in accordance with approved plans.
- c) Owner/developer shall convey new easements and enter into an Encroachment Agreement with the District for all proposed encroachments.
- d) Owner/developer shall notify District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operational prior to deadlines established by District. The deadline for work is typically February 15th of any given year.

e) Owner/developer acknowledges that acceptance of storm water for this project will be subject to terms and conditions of all Interim Drainage Agreements between the District and City of Manteca. All proposed improvements regarding storm drainage shall conform to standards established by District and administered by the City. Further, acceptance of storm water for this project will be subject to execution of an Interim Drainage Agreement with the City of Manteca.

Motion by Kamper, seconded by DeGroot, and unanimously carried, to conditionally approve and authorize execution of all documents subject to compliance with recommendations a) through e) above.

Approve revised and updated 2006 Operations & Maintenance Budget as submitted. The Board reviewed the budget as submitted and the consensus of the Board was to approve as submitted. No action was taken.

President Roos asked for Manager's reports:

Stroud reported the following:

AB1234 requires 2 hours of ethics training by January 2007 for all elected officials. SDRMA offers class @ \$49 per official. Classes are in Sacramento on April 17th and Fresno on July 14th. ACWA will be encouraged to AB1234 training in connection with conferences.

At the Water Treatment Plant, two of the four grade three operators took and passed their grade four tests. The two trainees need to pass their grade three within three years. One trainee passed his grade three exam recently, the other passed the grade two exam. Both need more time to meet the experience requirements.

Zenon halted the 42 day performance test. Zenon has yet to figure out solutions to the problem so the test can be resumed.

Internal Revenue Service Mileage Reimbursement Rate effective January 1, 2006 is 44.5 cents per mile.

We had a washout on the Main Supply Canal close to the by-pass near Frankenheimer Road.

Relative to the M2 Pump station on Louise Avenue, the City of Manteca said the District could do the cleanup and charge their account, or we can wait for them to do it as soon as the lease for the easterly portion of the site is executed. We have a low bid of \$8,000 for the cleanup.

Shield's reported the following:

We have copies of the Environmental Impact Report available for anyone interested. The appendix is lengthy, but is fairly easy reading.

Handed out a breakdown of PG&E rate increases. Showed residential rates have increased as of January 1st by 17%; commercial by 3.8 – 5.2%

Reported that the CEO of PG&E, Peter Darby, received a 3.5 million dollar bonus. (PG&E's Public Relations Department calls it an "Equity Award").

Director's reports:

Schulz asked about the status of the Field Maintenance Superintendent. Stroud said he hoped to have a decision by the end of the week.

Kamper asked about the pipeline going in across Hwy 120 in front of the new mobile home dealership. Stein said it is ours, and we are inspecting the work.

President Roos called for closed session relative to litigation and real property matters. General Counsel Emrick reported the Board will discuss items b. and d. in closed session.

- b. Conference with legal counsel relative to anticipated litigation, significant exposure to litigation, Gov. Code, S. 54956.9. Eight cases.
- d. Conference with real property negotiator. Negotiating parties: District and Lloyd Prothers, as Trustee. Property: Stanislaus County APN 002-210-048, 002-009-008, and 002-021-048. Agency Negotiator: Steve Stroud and Steve Emrick. Under negotiation: Price.

Upon returning from closed session Emrick reported the following actions were taken in closed session:

Steve Emrick: I don't have the two motions. I have the Directors and votes, they are as follows:

Motion by DeGroot, seconded by Kuil, and unanimously carried, in regards to denying the claims made for the June 11, 2005 accident that occurred on Dodds Rd. in front of the Water Treatment Plant.

The Board returned to Item Number 7: Authorize execution of documents for purchase of property interests from Lloyd Prothers as trustee. Motion by Kuil, seconded by Kamper, and unanimously carried to authorize execution of the Agreement of Purchase and Sale, acceptance of grant deeds for the 4.067 acre parcel (Stanislaus County APN 002-009-008) and 62.449 acres of APN 002-021-048 and one quitclaim deed as to grazing rights on District real property at Woodward Reservoir and quitclaim the District easement interest in APN 002-021-048.

General Counsel Emrick reported no other reportable action was taken in closed session.

There being no further business to come before the Board it was moved by Kuil, seconded by Schulz, and unanimously carried to adjourn to January 24, 2006 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary