

Manteca, California  
January 14, 2003

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:

DIRECTORS: DEGROOT      SCHULZ      KAMPER      ROOS      HAWORTH

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

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

#### CONSENT CALENDAR

- A. SSJID warrants of \$1,392,123.17 and payrolls of \$157,252.43.
- B. Regular Board Meeting Minutes of December 17, 2002 and Special Board Meeting of January 7, 2003.
- C. Resolution 03-02-F, Investment Policy, and 03-03-F Amending the Investment Policy.

Motion by DeGroot, seconded by Roos, to approve the Consent Calendar Items as presented.

#### **RESOLUTION NO. 03-02-F SOUTH SAN JOAQUIN IRRIGATION DISTRICT INVESTMENT POLICY**

#### IV. **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.

#### V. **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 requirements of safety and liquidity have been met.

VI. **Investment Guidelines and Restrictions:**

- A. Investments directly managed by the District shall be consistent with this Policy and as provided for in the following additional guidelines and restrictions:
  - 1. The Treasurer will develop and maintain a cash flow analysis for the projection of needed funds. All funds not required for immediate use will be invested in the Local Agency Investment Fund (LAIF)
  - 2. 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.
- B. Upon direction of the Finance Committee, the Treasurer is to invest District funds in investments other than LAIF, and consistent with this Policy. With the approval of the Finance Committee, the treasurer may utilize a licensed investment advisor to invest the District's surplus funds for the benefit of the District. The following additional guidelines and restrictions are to be followed by the Treasurer:
  - 1. All funds invested on behalf of the District will be managed to meet the guidelines stated 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.
  - 4. 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.

5. Monthly investment reports are to be provided to the District with at least the following information:
  - a. Description of investment
  - b. Date purchased
  - c. Maturity date
  - d. Amount of investment on a cost and on a current market basis
  - e. Coupon rate
  - f. Yield to Maturity at Purchase
  - g. A statement that all investments are in accordance with this Policy
  
6. The Treasurer may place District funds in 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:
    - (1) situated within the boundaries of the District providing interest rates are equal or better than those offered by institutions per Guideline b. 2.
  
    - (2) Within banks, credit unions, and saving associations situated within cities located within 100 miles of the borders of the District.
  
    - (3) Subject to Guidelines b.1., and b.2., in other California Institutions.
  
  - c. The 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.

- d. 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.
  - e. No more than 30% of the District’s surplus funds shall be invested in Certificates of Deposit.
  - f. 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.
  - g. The Treasurer may not invest in deposits issued with institutions 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
7. The District’s Finance Committee may authorize the Treasurer to invest in mortgage-backed bonds and other collateralized obligations as provided in Section 53601(n), subject to the following 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 Committee, make investments with fluid maturity dates to permit managed G.N.M.A. Funds.

- 8. On a case-by-case basis as authorized by the Finance Committee, the Treasurer may invest in Repurchase Agreements subject to provisions of Section 53601(i). In addition, the dollar value of Repurchase Agreements shall not exceed 10% of the District portfolio excluding the amount 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.

9. Purchases of Bankers Acceptances may not exceed 180 days maturity or 40% of the District's surplus money. Further, no more than 30% of the District's surplus funds shall be invested in Bankers Acceptances of any Commercial Bank.
  10. 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.
  11. The portfolio performance results will be measured on a minimum quarterly basis by the portfolio manager and the results thereof given to the Treasurer. Investment performance will 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.
- C. Pursuant to these guidelines 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.

VII. **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.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT  
RESOLUTION NO. 03-03-F  
RESOLUTION AMENDING RESOLUTION 03-02-F**

**WHEREAS**, the Board of Directors adopted Resolution 03-02-F entitled Investment Policy on January 14, 2003, and

**WHEREAS**, the Investment Policy limits investments of surplus public funds to the Local Agency Investment Fund (LAIF), and

**WHEREAS**, the District cannot invest all of the funds it receives from the Cities of Escalon, Manteca, Lathrop and Tracy as part of the South County Water Supply Project because of maximum investment limitations, and

**WHEREAS**, pursuant to Resolution 01-18-F adopted on September 25, 2001, the District retained Public Financial Management (PFM) as an investment advisor, and became a member of the California Asset Management Program (CAMP), a joint powers authority,

**WHEREAS**, members of CAMP may invest their surplus public funds in and receive shares of the short-term investment portfolio of the California Asset Management Trust (CAMT), a common law trust created by CAMP in 1989 to invest surplus public funds of CAMP members in those investments permitted by California Government Code section 53601 et seq., and

**WHEREAS**, the short-term investment portfolio of the CAMP may contain investments in amounts which exceed the limitations in the District's Investment Policy, but which are still investments permitted by California Government Code section 53601 et seq.,

**WHEREAS**, the District finds that it is in the District's best interests to invest certain of its surplus public funds in CAMT through its membership in CAMP,

**THEREFORE, BE IT RESOLVED THAT:**

1. The Investment Policy is amended to permit the District's Treasurer to invest those funds received from Escalon, Manteca, Lathrop and Tracy and the District's surplus public funds if and when such funds exceed the LAIF investment limitation, in the short term investment portfolio of CAMT.
2. The limits on particular investments in the District's Investment Policy are amended as necessary to comply with the CAMT investments.

**PASSED AND ADOPTED** this 14<sup>th</sup> day of January 2003 by the following roll call vote:

|       |         |        |        |      |         |
|-------|---------|--------|--------|------|---------|
| Ayes: | DeGroot | Schulz | Kamper | Roos | Haworth |
| Noes: | None    |        |        |      |         |

General Manager Stroud gave the Oath of Office to Directors Roos and Schulz.

President Kamper asked that item three and the portion relative to Power be taken out of order to accommodate members of the audience. Motion by DeGroot, seconded by Schulz, and unanimously carried, to take the items above out of order.

Consider approval of Cancellation of Service Abandonment Agreement #1011. Stroud said this item was on the agenda before and didn't pass. Director Kamper asked it be put back on this agenda. Kamper asked if we can approve for the owner rather than the land. Emrick said we probably could if we set special conditions. Roos said he thought it was the intent of the Board to reduce the number of small acreage parcels served. Stroud said we are, especially those with open ditches. He noted we could change the policy to state any parcel that wanted to cancel Abandonment Agreements would be required to have pipe. **Motion by DeGroot, seconded by Haworth, to approve the cancellation of Agreement #1011 with the following conditions:**  
**1. Approve with condition it be piped to the rear of the property. 2. Have a one year water agreement to see if there are any problems, if there are problems, Agreement #1001 will be reinstated by the Board.**

**Motion carried, 3 Ayes, 2 Noes, with Directors Kamper and Roos voting No.**

General Manager's report:

Stroud reported on retail power. He said there are still a few issues that are being resolved. We hope to have a business plan from Chevron within 30 days. He stated that readiness for setting a public hearing date could be determined at a meeting with Chevron this Friday.

Kamper asked the Board to elect officers, and make committee appointment. Motion by DeGroot, seconded by Haworth, and unanimously carried, to elect Director Schulz as the Board President.

Motion by DeGroot, seconded by Schulz, and unanimously carried, to elect Director Haworth as Board Vice President.

Newly elected President took over the meeting and made the following Committee appointment changes:

Tri Dam Project and Tri Dam Power Authority: DeGroot & Kamper, Schulz to replace Kamper.

Budget & Financial: DeGroot & Roos, Kamper to replace DeGroot.

Community Relations - San Joaquin County Flood Control & Water Conservation District Advisory Water Commission (County Appointment): Haworth to be replaced by Kamper. Alternate DeGroot to be replaced by Haworth.

San Joaquin River Management Group Authority: Schulz to be replaced by Roos. Alternate

Roos to be replaced by Kamper.

President Schulz opened a public hearing to approve a Resolution of Necessity of the South San Joaquin Irrigation District to acquire real property for South County Surface Water Supply Project, #03-01-P. This resolution gives the District authority to begin the eminent domain process. He stated that before we begin we will contact each of the landowners of our intent, if we fail to get an agreement we will start proceedings. President Schulz noted there was no one in the audience and closed the public hearing. **Motion by Haworth, seconded by Kamper, to adopt Resolution No 03-01-P.**

### **RESOLUTION NO. 03-01-P**

#### **RESOLUTION OF NECESSITY OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT TO ACQUIRE REAL PROPERTY FOR SOUTH COUNTY SURFACE WATER SUPPLY PROJECT**

WHEREAS, the South San Joaquin Irrigation District (SSJID) is an irrigation district formed pursuant to Division 11 of the Water Code commencing with Section 20510 and following; and

WHEREAS, SSJID has entered into a Water Supply Development Agreement with each of the cities of Manteca, Escalon, Lathrop and Tracy to construct, operate and finance a water treatment plant and related facilities to deliver treated water to the four Cities ( the “South County Surface Water Supply Project” or the “Project”), and

WHEREAS, SSJID certified a final environmental impact report and approved the Project on May 30, 2000; and

WHEREAS, the project involves the construction, operation and maintenance of a water treatment plant on real property owned by SSJID on Dodds Road in Stanislaus County and a pipeline and related facilities, turnout sites including underground storage facilities, pumping stations and other facilities as may be necessary to deliver the treated water to each of the cities of Manteca, Escalon, Lathrop and Tracy, on real property to be acquired by SSJID in San Joaquin County. The real property to be acquired by SSJID for the Project are described in the table attached to this Resolution as Exhibit A and are collectively referred to in this Resolution as the “Subject Land,” and

WHEREAS, acquisition of the Subject Land to be acquired for the Project is a necessary part of the Project; and

WHEREAS, Sections 22425 and 22456 of the Water Code authorize SSJID to acquire by eminent domain any property necessary to carry out its purposes; and

WHEREAS, Section 1240.010 of the Code of Civil Procedure permits the acquisition by

eminent domain of property for public use; and

WHEREAS, SSJID has made offers to each of the owners of record of the Subject Land based on its determination of just compensation, in accordance with Government Code Section 7267.2; and

WHEREAS, notice has been properly given as required by and according to the provisions of Section 1245.235 of the California Code of Civil Procedure, and a public hearing has been held at which all persons whose property may be acquired by eminent domain as described in this Resolution and whose name and address appear on the last equalized County assessment roll have been given a reasonable opportunity to appear and be heard by the Board of Directors of SSJID, on the matters set forth in Code of Civil Procedure Section 1240.030; and

WHEREAS, a two-thirds vote of all of the members of the Board of Directors of SSJID is required for adoption hereof;

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of South San Joaquin Irrigation District makes the following findings:

1. That the public interest and necessity require the acquisition of the Subject Property as a necessary part of the Project.
2. That the Subject Property to be acquired and the Project to be developed are planned and located in the manner that will be most compatible with the greatest public good and the least private injury.
3. That the Subject Property is necessary for the proposed Project.
4. The offers required by Section 7267.2 of the Government Code have been made.

LET IT BE FURTHER RESOLVED, as follows:

1. That the General Counsel of SSJID is hereby authorized to institute and conduct to the conclusion an action in eminent domain for the acquisition of the Subject Property and to take such action as is necessary to accomplish the same upon direction of the Board of Directors of SSJID.
2. That the General Counsel of SSJID is also hereby authorized to obtain an order for prejudgment possession.
3. That the General Manager is authorized to enter into agreements to acquire the interests in the Subject Land described in this Resolution in lieu of eminent domain, and the President and Secretary are hereby authorized to accept deeds conveying such interests, in exchange for payment of the fair market value for the interests as determined by the District's appraisal and any such additional compensation as the General Manager determines in his discretion to be reasonable under the circumstances.

On a Motion duly seconded, the foregoing Resolution was duly passed and adopted by the Board of Directors of the South San Joaquin Irrigation District this 14th day of January 2003, by the following vote:

AYES : DEGROOT HAWORTH KAMPER ROOS SCHULZ

NOES: None

EXHIBIT A

| APN        | Owner by County Assessment Roll | Approximate Area in square feet | Type of Interest   | Purpose            |
|------------|---------------------------------|---------------------------------|--------------------|--------------------|
| 198-040-08 | Laro                            | 57,935                          | Fee                | Takeout facilities |
| 208-050-01 | Bordenave                       | 52,756                          | Permanent Easement | Pipeline           |
| 208-060-01 | Candini                         | 51,783.8                        | Permanent Easement | Pipeline           |
| 250-230-03 | Petz                            | 103,235                         | Permanent Easement | Pipeline           |
| 252-140-10 | Petz                            | 35,521                          | Permanent Easement | Pipeline           |
| 252-090-19 | Robertson                       | 105,384                         | Permanent Easement | Pipeline           |

General Counsel Emrick said he would like the Board to designate a law firm to do the treatment plant eminent domain work. He cannot select his old firm, Geiger, Rudquist as he received payment last year for a old case in which he retained an interest when he left the firm. The case was unrelated to the District. He has used Geiger, Rudquist in the past and the District has benefitted because the firm has good rates and he can do some of the work and save the District money. DeGroot asked about using another firm. Emrick said other firms could do the work, but in the past Geiger, Rudquist has allowed him to do more of the work keeping the costs lower. Stroud said the Operating Committee approved using Geiger, Rudquist. **Motion by DeGroot, seconded by Haworth, and unanimously carried, to approve using the firm of Geiger, Rudquist.**

Consider approving the FCOC Capacity Study done by CH2M Hill. Bologna said the cost of the study was split 50/50 with the City of Manteca. The District's share was \$30,343. Stroud showed photos of the FCOC and described the problem areas. Haworth asked when the

Drainage Agreement with the City of Manteca would be completed. Stroud said we have met with them several times, our next meeting is scheduled for February 12, 2003. He hopes we will have a draft agreement to present to the Board in the not too distant future. He said the report shows that we need no additional capacity for agricultural runoff and we informed the city if they want to upgrade crossings they will have to bear the cost of the upgrades unless we are doing maintenance and they can then pay the cost to increase the capacity. Bologna recommended accepting the CH2M Hill FCOC Capacity Study as presented. **Motion by Kamper, seconded by Roos, and unanimously carried, to accept the Study as submitted.**

Review and approve agreement with Cal Trans for replacement of Highway 120 culverts between Jack Tone Road and Irwin Avenue. Director Haworth asked if we had looked at up sizing the crossings? He said we could pay the difference in cost for the increased pipe size. Gilton said staff didn't feel up sizing the crossings was necessary, but will look at it again. **Motion by Kamper, seconded by Haworth, and unanimously carried, to approve the Agreement with the following stipulation added: District requires no out of service more than 9 days during the irrigation season. Should that happen damages could be significant.**

President Schulz called for reports:

General Manager's report:

Stroud said we rented a D-4 because ours has transmission problems. Cost to repair the transmission is a minimum of \$6,600. Harry Belleto is going to tear the transmission down to determine the exact cost for \$500. The Directors Haworth and Kamper of the equipment committee approved the \$500. Stroud said he feels we should replace it with a new machine. Director Haworth suggested that replacement may be worth considering and asked staff to look into the availability of a used machine with low hours. Stroud said staff will return to the Board when the requested information has been gathered.

Stroud said relative to the 21 parcels that are 2 acres or less and currently being billed recharge fees. He looked at the policy and feels that not charging these small parcels is consistent with the intent of the Board policy to remove all parcels under 2 acres. Therefore, he has instructed staff to refund the 2003 recharge fees that have been paid and to discontinue billing them in the future. The total of the refunds will not exceed \$525 and will not be extended beyond this one time.

Staff met with an ACWA representative, relative to health insurance and we are going to meet with Rose Ulrich of PERS on February 4<sup>th</sup>. Shortly thereafter we will come to the Board with a recommendation.

Escalon is paving James and California Streets, and we will be replacing the culverts that cross them.

The District received a letter from the Division of Safety and Dams. They want a new Stability Report, the last one was done in 1970. Gilton will be getting quotes.

Relative to the SIDE Project, ITRC looked at ways to cut costs. They came up with 4 different

projects, two variations each, which staff will evaluate and make recommendations to the Board at a future date .

Stroud said General Counsel Emrick had drafted an agreement with the City of Ripon relative to the Wilma properties. It will be sent to the City in the near future.

Proposals for construction management of the Treatment Plant Project are due February 7<sup>th</sup>, interviews will be held February 21<sup>st</sup>. Five companies were pre-qualified to bid on the treatment plant contract. All questions concerning the bid process will be referred to Black & Veatch's Concord office. Black & Veatch estimates the cost of the Project to be \$153,631,167. An increase over the original estimate, due to a number of factors, including the following: 1). moving the pipeline from back lot lines to roadways, 2). a new bridge over the San Joaquin River and 3). Woodward Reservoir intake structure costs have gone from \$6,000,000 to \$12,000,000.

Stroud read the following Structure Permits into the record:

Herman Drost, APN245-120-30, to install sump with appurtenant sprinkler pump on Lateral Q, Station 44 +/-.

Andrew Rossi, APN245-020-17, to install sump with appurtenant sprinkler pump on Lateral R, Station 360 +/-.

Read the following Structure Abandonment Agreement into the record:

Lila Gonsalves, APN203-070-22, to abandon double slide gate installations located on Lateral Q, Stations 294R and 315R.

Directors' reports:

DeGroot said Manuel Costa may file a claim for trees we damaged while replacing a pipeline. Emrick said to have him come in and talk to Assistant Manager Stein, that he will give Mr. Costa the claim form.

Haworth asked where we were on reimbursement for boxes at dairies. Gilton said we are still working on it.

Roos asked if anyone would be attending the Mid Pacific Conference in Fresno on January 22 - 24, 2003. After discussion it was the consensus of the Board that Director Roos should attend if possible.

President Schulz called for closed session relative to litigation matters, personnel matters, and labor update. General Counsel Emrick said we will discuss items b) and c) in closed session.

- b) Conference with legal counsel, anticipated significant exposure to litigation. Gov. Code, S. 54956.9. One Case. Director Roos left the room during discussion of this item.
- c) Conference with real property negotiator. Property: San Joaquin County APN's 208-060-10 and 213-270-18. Negotiating parties: SSJID and its agents, Grant Kreinberg, Steve Long and Steve Emrick and current owners, Meneses and Amaral. Under negotiation: Price and terms of payment.

Upon returning from closed session General Counsel Emrick reported the following action was taken relative to item b). **Motion by Kamper, seconded by Haworth, to pay the claim submitted by Director Roos. Motion carried, 4 Ayes, 0 Noes, and 1 Absent, with Director Roos being Absent.**

There being no further business to come before the Board, it was moved by Kamper, seconded by DeGroot, and unanimously carried, to adjourn to January 28, 2003 at 9:00 a.m.

ATTEST:

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John Stein, Assistant Secretary

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