

Manteca, California  
December 17, 2013

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:02 a.m. President Roos called the meeting to order and led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL ROOS  
ABSENT: NONE

Also present were General Manager Jeff Shields, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Executive Secretary Betty Garcia.

Director Roos asked for public comment and there was no public comment.

The Board was asked to consider the following Consent Calendar Items.

**CONSENT CALENDAR**

- A. Approval of Warrants in the amount of \$456,213.75; A/P Wires in the amount of \$515,954.28; payroll for November 29, December 4, and December 13 in the amount of \$473,562.13.
- B. Approval of Board Meeting Minutes of November 19, 2013.
- C. Approval of Consent to SSJID's entry of property and owner's agreement to maintain flow meter, Barton Landholdings, LLC, APN 229-190-10 & 229-190-13.
- D. Approval of Consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Cynthia Alfieri, APN 245-070-59; 245-070-78; 245-070-81; and 245-130-60.

Director Holbrook noted on page 3, item 4 of the minutes, the word "bonus" should be removed from the holiday recognition. A motion was made by Director Kuil and seconded by Director Holbrook to adopt the Consent Calendar items, with the changes above, by the following roll call vote:

**AYES:** HOLBROOK HOLMES KAMPER KUIL ROOS  
**NOES:** NONE  
**ABSENT:** NONE

## **ACTION CALENDAR**

### **Item #1 – Consider approval of Resolution #13-19-Q authorizing the sale of Cat 12F Grader**

Mr. Catanzarite stated if the grader does not sell within 10 days, it will be taken to auction. A motion was made by Director Kamper and seconded by Director Holmes to approve Resolution #13-19-Q authorizing the sale of the Cat 12F Grader. Motion passed unanimously.

### **Item #2 – Consider approval of amendment to Irrigation Service Abandonment agreement for Wayne Bruns, APN 245-130-20**

Mr. Bologna stated Mr. Bruns has not taken water from the District since 1992 and is currently using a well to irrigate. Director Kuil asked why the District is requiring a licensed contractor to install the new turnout, sump, and meter. Mr. Bologna said there is major work to be completed thereby requiring a contractor with liability insurance for the District's protection.

A motion was made by Director Holmes and seconded by Director Kamper to approve the agreement with staff recommendations as follows:

1. Owner shall obtain a structure permit and adhere to District standards regarding installation of a new turnout and sump structure with a specified meter. To obtain a permit, owner shall submit a plan for approval by the District's Engineering Department. All work on District's canal shall be performed by a licensed contractor.
2. Owner shall acknowledge that the District is not obligated to provide flood water to this property and that they shall obtain a structure permit and install new facilities to District standards (including the installation of a meter) should flood irrigation be desired in the future.
3. Owner shall obtain an encroachment agreement for any existing or proposed encroachments within the District's easement.
4. Owner shall be responsible for all costs related to providing service to this property.
5. Conditions stated above shall be incorporated into the amended agreement.

Motion passed unanimously.

### **Item #3 – Consider approval of budget amendment in the amount of \$70,000 to cover additional costs for the construction of two control boxes**

Mr. Bologna said on May 14, Mr. Mohler addressed the Board requesting that the District replace the box located at the Northeast corner of his property because of concerns of leakage next to his well. At that meeting, it was acknowledged that the box and adjacent pipeline was damaged by the Mohlers during their installation of a connection line between the box and their sump. Nevertheless, it was consensus of the board to replace to box during the upcoming maintenance season. Director Holbrook stated the District should not replace the box until Mr. Mohler signs an encroachment agreement for the well and its appurtenances. Director Holmes said that the District needs to keep our word and repair the box contingent upon Mr. Mohler signing the encroachment agreement. Mr. Bologna stated the TAP Land Company has a private pipeline that is connected to the District's lateral at the angle point with no positive shut off. They plan to put in a temporary crop and want to eliminate any potential leakage that could occur when this line is under pressure.

A motion was made by Director Kamper and seconded by Director Holmes to amend the capital improvement budget in the amount of \$70,000 to cover the necessary costs to repair the lateral “Vh” box on the Mohler property (contingent upon Mr. Mohler signing the encroachment agreement) and the Lateral “R”-183 DD box located on the TAP Land Company property. Motion passed unanimously.

**Item #4 – Consider approval of Resolution #13-20-B and Resolution #13-22-B to reimburse costs from future Bond issues**

Mr. Lindley noted the District is engaged in two projects, the retail electric project and the study of pressurizing the irrigation distribution system, which may eventually require the issuance of nontaxable debt obligations. He said the District expects to incur costs for these projects before the dates of issuance for these debt obligations.

A motion was made by Director Holbrook and seconded by Director Kuil to approve both Resolutions #13-20-B and #13-22-B which provide the opportunity for the District to recover from debt proceeds, those project costs incurred in advance of the issuance of the nontaxable debt obligations which would be needed to finance the acquisition and construction of these projects. Motion passed unanimously.

**RESOLUTION NO. 13-20-B**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SOUTH SAN JOAQUIN IRRIGATION DISTRICT  
REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT  
OBLIGATIONS

WHEREAS, the Board of Directors of the South San Joaquin Irrigation District (the “District”) desires to finance the costs of acquiring an electric distribution system from PG&E, and subsequent improvements thereto, including but not limited to legal, environmental, regulatory and permitting activities (the “Project”);

WHEREAS, the District currently intends to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the District desires to incur certain expenditures with respect to the Project from available monies of the District which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, the Board of Directors of the South San Joaquin Irrigation District DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$150,000,000, in the event that the District elects to proceed with acquisition and construction of the Project in its entirety.

SECTION 3. This resolution is being adopted on or prior to the date (the “Expenditures Date or Dates”) that the District will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditures Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small District exception of Section 148(f)(4)(D) of the Internal Revenue Code, the “eighteen-month limit” of the previous sentence is changed to “three years” and the limitation of the previous sentence beginning with “; provided, . . . .” is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the District in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of issue of the Obligations, is part of the District’s official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

SECTION 9. All the recitals in this Resolution are true and correct and this Board of Directors so finds, determines and represents.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

**RESOLUTION NO. 13-22-B**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SOUTH SAN JOAQUIN IRRIGATION DISTRICT  
REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT  
OBLIGATIONS

WHEREAS, the Board of Directors of the South San Joaquin Irrigation District (the “District”) desires to finance the costs of studying, designing and constructing improvements to pressurize the District’s existing irrigation distribution system, including facilities related thereto (the “Project”);

WHEREAS, the District currently intends to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the District desires to incur certain expenditures with respect to the Project from available monies of the District which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, the Board of Directors of the South San Joaquin Irrigation District DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$300,000,000, in the event that the District elects to proceed with acquisition and construction of the Project in its entirety.

SECTION 3. This resolution is being adopted on or prior to the date (the “Expenditures Date or Dates”) that the District will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditures Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small District exception of Section 148(f)(4)(D) of the Internal Revenue Code, the “eighteen-month limit” of the previous

sentence is changed to “three years” and the limitation of the previous sentence beginning with “; provided, . . . .” is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the District in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of issue of the Obligations, is part of the District’s official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

SECTION 9. All the recitals in this Resolution are true and correct and this Board of Directors so finds, determines and represents.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

**Item #5 – Consider approval of 2014 Investment Policy and Resolution #13-21-F**

Mr. Lindley stated it is a best practice but not required by State law for the District to adopt the investment policy. If the District does adopt an investment policy, the Board is required to re-adopt the policy every year in a public meeting. He also said annual reappointment of the investment officer is required annual, and that re-adoption of the policy will effect reappointment of the Treasurer as the investment officer.

A motion was made by Director Holbrook and seconded by Director Kuil to approve Resolution #13-21-F adopting the 2014 Investment Policy and re-appointing Treasurer Bere Lindley as the investment officer for the year 2014. Motion passed unanimously.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT  
RESOLUTION NO. 13-21-F  
ADOPTION OF THE DISTRICT'S INVESTMENT POLICY**

**WHEREAS** California Government Code §53646(a)(2) authorizes the Treasurer of the District to annually present a statement of investment policy with any amendments in a public meeting to the Board of Directors, for review and approval, and,

**WHEREAS** California Government Code §53607 authorizes the Board of Directors to delegate its investment authority to the Treasurer of the District for a one year period and to annually renew such delegation, and,

**WHEREAS** at its meeting on December 11, 2012, the Board of Directors did both adopt an investment policy and delegate investment authority to the Treasurer for the year 2013, and,

**WHEREAS** the attached Investment Policy for the year provides for delegation of investment authority to the Treasurer of the District for the year 2014, and,

**WHEREAS** the Board of Directors has reviewed the attached Investment Policy, and finds that it is in the District's best interests to adopt the policy for the year 2014,

**THEREFORE, BE IT RESOLVED**, that the Investment Policy is hereby adopted.

**Item #6 – November 2013 Financial Statements**

Mr. Lindley reviewed the financial statements with the Board members.

**Item #7 – November 2013 Investment Reports**

Director Holbrook asked if Mr. Lindley had inquired with Union Bank regarding their investment policy. Mr. Lindley stated he had not yet done so but would do so in the future.

**Item #8 – Consider approval for General Manager to attend the SJCOG One Voice conference**

Mr. Shields informed the Board that the City of Ripon asked if SSJID would agree to send a representative to Washington DC as part of the SJCOG One Voice trip to represent their interests and promote the interconnection of Ripon's municipal water facilities to the Nick C. DeGroot Water Treatment Plant.

A motion was made by Director Holbrook and seconded by Director Kuil to approve the attendance of Jeff Shields at the SJCOG One Voice trip. Motion passed 3 to 2 with Directors Kamper and Roos casting no votes.

### **Item #11 – Directors Report from ACWA Conference**

Director Holbrook said that Michael J. McGuire gave a great report on his fight to put chlorine in the drinking water. Another topic was groundwater storage and re-use of that water. There was also a report of the devastating effects of the RIM fire near Yosemite. The meadows need to be restored to retain more groundwater. He reported that desalination groups are experiencing permitting problems. It is estimated the twin tunnels have a cost estimate of \$54 billion.

Director Kuil said the big topics at the conference were water shortage, conservation of water and water usage, and groundwater and that 90% of the groundwater is used for drinking water.

Director Roos reported that there will be a shortage of water for next year.

### **Item #12 – Communications**

Director Kuil attended the Tri-Dam budget meeting. He also attended the GBA meeting which he found interesting. He noted that not all members pay their dues.

President Roos asked for managers' reports.

Ed Erisman,

- He reported the plant pumped 15 million gallons per day in the month of November.
- Bill Hubkey met with River Islands to sign agreements.
- Worked with the M1 and M4 stations and all are working well.
- City of Tracy decided not to run the emergency generators and there has been no water pumped to them for two days.

Sam Bologna, Engineering Department Manager

- Conservation Program has received six applications and staff is finalizing applications from last year.
- Division 9 enhancements. Mr. Mohler paid for repair of vaults. The costs to install soundwalls around the pumps has extremely high costs. Moisture sensors are working. Staff has been working on the annexations for Tveldte and Harris. Also working with Stantec on the pressurized study.

It was announced that the Board would be discussing items 13 a & b under Closed Session.

### **ITEM #13 – CLOSED SESSION**

13. a. Conference with Legal Counsel – Anticipated Litigation  
Initiation of litigation pursuant to subdivision (c) of  
Government Code Section 54956.9  
- 2 cases
- b. Conference with Labor Negotiator  
California Government Code Section 54957.6  
Agency Negotiator: General Manager and Lee Clark  
Employee Organizations: IBEW's 1245 and Management Group

Upon returning from closed session, the following action was taken on item #13b.

A motion was made by Director Holmes and seconded by Director Holbrook to approve both the union and management contract. Motion passed 3 to 2 with Directors Kuil and Roos casting no votes.

**ITEM #9 – Consider approval of amended Vehicle Use Policy**

A motion was made by Director Holbrook and seconded by Director Kamper to approve the amended Vehicle Use policy with a correction to item #7E.(2) that supervisors shall reside within 30 minutes from their work assignment. Motion passed 3 to 2 with Directors Kuil and Roos casting no votes.

**ITEM #12 – COMMUNICATIONS CONTINUED**

Director Kamper reported that this is one of the driest years and if it continues the status of Tier II customers might be revisited. He reported that December 13 is the 100 year anniversary of Goodwin Dam.

Director Holmes asked Mr. Lindley to create an updated water report with inflow and other projections similar to the last one he made.

Director Holbrook gave an extensive report in regards to Advisory Water Board meeting that was coming up and the issues they are involved with. He also visited a booth at the ACWA conference on the Ultra High Efficiency Toilet that only requires 0.8 gallons per flush and said the District should be receiving two of the toilets to use at its facility.

Jeff Shields, General Manager

He discussed the impacts of groundwater recharge and also the Groundwater Basin Authority. He also stated this is the driest year in the history of California. He distributed water charts on the current reservoir conditions.

Donald Thornburg, HR Analyst

He gave a brief report on the Anthem Health Plan enrollment and said the contract between Sutter Health and Anthem was about to expire.

**ITEM #14 - ADJOURNMENT**

There being no further business to come before the Board, it was moved by Director Kuil and seconded by Director Holbrook to adjourn the meeting at 1:24 p.m. Motion passed unanimously.

ATTEST: \_\_\_\_\_  
Betty Garcia, Executive Secretary