

**RELCMATION DISTRICT NO. 1000
BOARD OF TRUSTEES
REGULAR BOARD MEETING
SACRAMENTO, CA
JANUARY 12, 2018
8:00 A.M.
AGENDA
1633 Garden Highway
Sacramento, CA 95833**

Any documents related to agenda items that are made available to the Board before the meeting will be available for review by the public at: 1633 Garden Highway, Sacramento, CA 95833

CALL TO ORDER

SET THE AGENDA

*OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO DIRECTLY ADDRESS THE BOARD ON SUBJECT MATTER NOT ON THE AGENDA WITHIN THE JURISDICTION OF THE BOARD.
(Limit: 3 minutes per person)*

ITEMS SCHEDULE FOR ACTION

1. BOARD BUSINESS (ACTION)
 - A. Election of Board Officers
 - B. Committee Assignments – Meeting Schedules

2. APPROVAL OF THE MINUTES OF THE BOARD OF TRUSTEES (Action)
 - A. Regular Meeting – December 9, 2017

3. ADMINISTRATIVE ITEMS
 - A. Treasurer’s Report for December 2017
 - B. Expenditure Report for December 2017

4. COMMITTEE REPORTS (Information)
 - A. SAFCA Representatives
 - B. Operations Committee (12/20/17)
 - C. Executive Committee (1/3/18)
 - D. Legal Committee (1/5/18)

5. BOARD BUSINESS (Action/Information)
 - A. Annual Banking Resolution – Signatures/Authorization (Action)
 - B. Sacramento County 2018 Investment Policy for the Pooled Investment Fund (Receive and File)
 - C. Plant No. 1 Transformer Repair Update (Information)
 - D. Status of Sacramento River Bank Erosion site vicinity of 7907 Garden Highway (Information)

ITEMS SCHEDULE FOR INFORMATION/DISCUSSION

6. GENERAL MANAGER'S REPORT

- A. Regional Flood Control Issues
- B. Flood Season Update
- C. Update on Plant 2 FEMA Disaster Assistance Grant Closeout (2006 Flood)
- D. Asset Management and Capital Improvement Plan
- E. Update Corps Design Progress Natomas Levee Project
- F. Management Coordination Meeting with NCMWC and TNBC
- G. Encroachment Permits Endorsed
- H. Status of District Audit FY 16-17
- I. District Website Update

7. PUBLIC OUTREACH REPORT – K. Pardieck

8. DISTRICT COUNSEL'S REPORT

9. SUPERINTENDENT'S REPORT

10. Correspondence/News/Information

11. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: one case

12. ADJOURN

**STAFF
SUMMARIES & RECOMMENDATON
January 12, 2018
AGENDA ITEM 2**

SUBJECT: APPROVAL OF MINUTES (Action)

- A. A copy of the minutes of the Regular Board Meeting held December 11, 2017 is enclosed for your review.

RECOMENDATION:

After discussion/correction approve the minutes.

RECLAMATION DISTRICT NO. 1000
BOARD OF TRUSTEES
ACTION SUMMARY
SACRAMENTO, CA
December 8, 2017
10:00 A.M.
1633 Garden Highway
Sacramento, CA 95833

Trustees Present: Christophel, Barandas, Harris, Smith, Avdis, Burns, Gilbert

President Smith presided at the meeting.

Trustee-elect Chris Burns was administered the oath of office by Board President Smith and he assumed his position as Trustee.

1. Approval of the Minutes – December 8, 2017

It was moved by Trustee Smith to adopt the minutes of November 10, 2017 without changes. The motion was seconded by Trustee Harris, and carried by a unanimous vote.

2. Administrative Items

A. Treasurer's Report for November 2017

Checking:	\$ 378,603.90
Money Market:	\$ 418,134.08
County Treasurer:	\$ 1,821,295.41
LAIF:	\$ 1,736,452.38
City Pool A:	\$ 2,025,027.83

Without discussion, Trustee Harris made a motion to approve the Treasurer's Report as presented, seconded by Trustee Avdis, by a unanimous vote, motion carries.

3. COMMITTEE REPORTS

A. SAFCA Representatives

Trustee Barandas gave his monthly SAFCA update. He revealed that the 2017-18 State Budget did not provide flood control funding and Proposition 1E bond money is gone. Additionally, there are no state matching funds for Natomas projects currently authorized under the Federal government. Because of this, SAFCA is meeting with DWR to explore funding for short and long term. He reported on the 2016 authorized projects – widening the Sacramento Weir and the American River levees are looking for new start status in 2017-2018 Federal Budget – if and when it passes. Trustee Barandas informed the Board that SAFCA participated in an exercise for Folsom Dam – and mentioned the new water control manual will be adopted in 2018. Board members asked questions about project credits, the transfer of credits from Natomas to other projects, and how cost benefit analysis may increase benefits or create a new threshold for new starts.

B. Executive Committee

The Executive Committee met on November 30. In attendance were Trustees Jeff Smith, Tom Barandas and General Manager Devereux. Trustee Fred Harris participated by phone. Trustee Smith described the meeting as brief and reported the Committee discussed the actionable item “Creek Week” and the District’s sponsorship of this annual event. The Committee also discussed the status of repairs to the Plant 1 transformer.

4. BOARD BUSINESS

A. Sacramento Area Creeks Council – 2018 Creek Week Sponsorship

GM Devereux asked for the Board’s support of the annual “Creek Week Event” - an essential cleanup day for waterways including Main Drain and Fisherman’s Lake in our District. Historically, the District’s support included a \$1000 financial contribution, staff support to assist with cleanup, and an in-kind contribution (absorption of dump fees) to dispose of community collected trash and debris. Trustee Harris moved to support sponsorship of Creek Week at the same level as last year, Trustee Christophel seconded the motion, by unanimous vote the motion was approved.

B. Board of Trustees Standing Committees – Description and Current Members

A handout was included in the Board packet with Standing Committee descriptions as Board members will soon (in January 2018) select Committees of interest to serve. An election of Board officers will be held in January 2018. The new Board president will assign committee members by their committee interests. The Vice President traditionally reaches out to Board members to learn of Committee interests. Once assigned to a Committee, Trustees generally will be chair of at least one Committee.

C. Status Report on Repairs to Pumping Plant No. 1 Transformer (consultant Scott Brown)

Scott Brown from Larsen Wurzel who is helping to manage coordination with SMUD on Pumping Plant 1 transformer repairs, provided a verbal update to the Board. Because of the ground fault discovered at the plant the District and SMUD are concerned about reenergizing the plant. The recommendation to resolve this is to use a low technology relay switch that would trip the plant off if another ground fault occurred and an auto-dialer to inform the Superintendent and Foreman in the event of another failure. Trustee Christophel asked about ground fault failure responsibility. Scott Brown explained this issue is unresolved because of questions about arcing and a spike in service when the transformer failed.

Scott Brown discussed reenergizing power at Plant 1. SMUD completed reconfiguration of the substation using two transformers which allows the plant to operate at a reduced capacity (approximately 58%). At this reduced capacity, no more than five of six pumps at Plant 1B could operate. Our consultant at WSP is confirming this. Before service is officially turned on, a letter from GM Devereux may be required committing to operate at the calculated reduced capacity.

Now that the configuration is complete, lines will be retested by SMUD in the near term so the plant can be reenergized. The third transformer should be repaired and installed by early February allowing both Plants 1A and 1B to be fully operational. Board members shared concerns about the plant being down during this restorative period. GM Devereux assured the Board that SMUD understands that the operation of our pumps is critical and depending on

circumstances, restored service could be expedited. He noted the District can also adjust its operations in consideration of the limited capacity at Plant 1.

Mr. Brown noted the District could rent a single 3-phase transformer for approximately \$10,000 per month which would allow full capacity at the plant until the third transformer is operational. GM Devereux will schedule an Operations Committee meeting in December 2017 to help determine this. GM adds he is confident that not having the plant fully operational is not a significant risk as it would take an extraordinary event (i.e. 1997, 1986 floods) to need both plants to run at full capacity. He is confident the District can contain a 100-year storm by pumping in advance of the storm to create additional system storage.

After this flood season, it will be necessary for the Board to look at long term transformer options which have financial implications. The options are: (1) restore/refurbish fourth (spare) transformer unit and bring back onsite for full backup; (2) Install a 3-phase transformer instead of refurbishing the 4th single phase transformer and potentially purchase a spare which could be used at other sites; (3) change the plant to operate on high voltage 4160V which is more readily serviced by SMUD but would require significant plant modifications. Staff is looking at all options and will bring a recommendation to the Board later in 2018 after the flood season.

5. GENERAL MANAGER'S REPORT

A. Regional Flood Control Issues

Trustee Barandas touched upon these issues in his SAFCA report.

B. Status of Natomas Project Construction – Corps of Engineers

There have not been any significant changes to the Natomas project implementation schedule. We are still waiting for the Corps to award the Reach I contract and this is expected to happen after the first of the year. The Reach H contract should be awarded this month and the decision will be made using a best value approach and not just based on cost. In Reach H, GM has been working with the Corps and its project management team regarding tree removal. The Corps Levee Safety Team has determined all previously designated trees will need to be removed for levee safety purposes. Award of the Reach D contract for the Natomas Cross Canal and reconstruction of Pumping Plant 4 is also expected in spring 2018.

C. Flood season update and preparations (levee inspection)

After completing his levee inspection, Consultant Richard Marck revealed there are no significant waterside levee safety issues.

D. Erosion mitigation measures 7907 Garden Highway

The erosion at 7907 Garden Highway continues. GM Devereux is working with our state DWR levee inspector on potential options to help stabilize the erosion. He continues to work with the Corps and State for a bank protection project at this site under PL 84-99, the Sacramento River Bank Protection authority.

E. Garden Highway Encroachment Permits Endorsed

GM approved one boat dock permit in the month of November.

F. Homeless camp in floodways -- update

Homeless camps in floodways continue to create an abundance of trash and debris. Our crews have diligently worked to clean up trash and debris along the Natomas East Main Drain Canal (NEMDC) levee tops from West El Camino to Main Avenue. GM noted a proposed collaborative meeting with our flood control partners and the Regional Water Quality Board had been cancelled. Trustee Avdis requested to be kept informed of developments on this topic.

G. Status District Annual Audit

GM Devereux noted our auditor plans on commencing their fieldwork in December. We are hopeful that our full audit report will be compiled by late January.

H. Pleasant Grove Creek Canal – potential property purchase

GM Devereux stated he was recently made aware that a long strip of land currently underlying the east levee of the Pleasant Grove Creek Canal south of Howsley Road is available for purchase. GM Devereux will have our real estate consultant look into this, including determining if we have any existing rights other than proscriptive on the property and make a recommendation to the Board.

I. Asset Management Plan Update

GM Devereux provided an update on work with the Asset Management Plan (AMP) consultants. They have prepared a list of initiatives with priorities based on their meeting with management, staff and Board members. A revised set of initiatives will be included in a draft AMP to be reviewed by the Operations Committee and then shared with the Board. Staff will implement actions that require very little time, effort, and cost. The consultant will generate a timeline to address more challenging projects and recommend best practices for managing and tracking progress.

I. Pumping Plant No. 1 A

The Army Corps is looking at preliminary levee improvement in Reach A. They've identified our Plant 1A box culverts that do not meet Corps criteria and pose a levee safety risk located within this reach. The soil under the culverts is sandy and a potential underseepage issue. They are considering an option to remove these culverts and modify the discharge from Plant 1A. Alternatively, they will look at options to mitigate the underseepage risk and make the culverts safe. The District also needs to make a long term decision on the viability of the existing pumping plant given its age and operational complexities. Options include replacing capacity elsewhere in the system as well as analyzing impacts on the drainage system if we do not have Plant 1A operational. Trustee Barandas is concerned about reducing our overall system pumping capacity

6. PUBLIC OUTREACH UPDATE –K. Pardieck

K. Pardieck discussed our recent meeting with Councilman Steve Hansen who has agreed to take a tour of the district in January. Meetings are also being scheduled with other local elected officials. K. Pardieck is requesting no more than two board members attend each meeting. She will circulate a board member sign-up sheet once meeting dates and times are confirmed.

7. DISTRICT COUNSEL'S REPORT

Counsel Jim Day reported on his activities for the month of November.

8. SUPERINTENDENT’S REPORT

The Superintendent’s Report was included in the December board packet.

9. Correspondence/News/Information

None.

10. ADJOURN

President

Secretary

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 3**

SUBJECT: ADMINISTRATIVE ITEMS (Action)

- A) **Treasurer's Report**
The Treasurers' Report for December 2017 is enclosed for your review
- B) **Expenditure Report**
The Expenditure report for the month of December 2017 is enclosed for your review
- C) **Budget to Actual Comparison**
Report covers July 1, 2017 to December 31, 2017

RECOMMENDATION:

- A) Review and approve the Treasurers' Report.
- B) Signing of the Expenditure Reports is Board approval of the Expenditure Report.

Reclamation District 1000
Treasurer's Report
December 2017

Treasurer's Report for December 2017

December 2017	
Total Funds	6,043,876.22
Bank of the West - Checking	1,329,892.70
Bank of the West - Money Market	118,202.59
Sacramento County Treasurer	834,300.72
State Treasurer - Local Agency Investment Fund	1,736,452.38
City of Sacramento - Pool A	2,025,027.83

December 2017 - Operations and Maintenance Cash Flow			
Beginning Balance			2,215,804.75
	Income	Expense	
Accounts Receivable	4,500.00		4,500.00
Transfer From Bank of the West Money Market	300,000.00		300,000.00
Transfer From County Treasury	1,000,000.00	(1,000,000.00)	-
Interest Income & Other Misc.	4.27		4.27
Accounts Payable*		(274,938.26)	(274,938.26)
Payroll		(81,177.34)	(81,177.34)
Ending Balance			2,164,193.42

*See Attached Check Register

* Included in accounts payable disbursements is \$22,185 that was fraudulently removed from the districts bank account through Prime Pay. \$23,350.20 was also removed from the bank account on January 3, 2018. These amounts are expected to be recovered.

*Includes Board approved 1 million dollar disbursement (via warrant) from County of Sacramento

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Reclamation District No. 1000
Transactions by Account
As of December 31, 2017

01/04/18

Accrual Basis

Date	Num	Name	Debit	Credit	Balance
Cash and Investments					381,504.03
1010.00 - Bank of the West Checking Acct					381,504.03
12/04/2017	33316	Washburn Ag Services		93,680.69	287,823.34
12/04/2017				40,284.69	247,538.65
12/04/2017	33317	Michael Rhoads		861.64	246,677.01
12/05/2017	EFT	Prime Pay		229.99	246,447.02
12/06/2017	33318	Fraga Forklift Sales		9,634.25	236,812.77
12/07/2017	33319	Valley Tire Center, Inc.		20.00	236,792.77
12/07/2017	33320	Yolo County Public Works		1,533.17	235,259.60
12/07/2017	33321	California Chamber of Commerce		323.24	234,936.36
12/07/2017	33323	Interstate Oil Company		560.90	234,375.46
12/07/2017	33324	Brookman Protection Services, Inc.		3,900.00	230,475.46
12/07/2017	33325	Larsen Wurzel & Associates		2,730.00	227,745.46
12/07/2017	33326	Staples		311.92	227,433.54
12/07/2017	33327	DP Land		548.97	226,884.57
12/07/2017	33328	Richard Marck		22.10	226,862.47
12/07/2017	33330	Crisp Catering		564.11	226,298.36
12/07/2017	33329	Action Asphalt Maintenance, Inc.		23,600.00	202,698.36
12/08/2017	EFT	Waste Management of Sacramento		405.02	202,293.34
12/08/2017	EFT	PG&E		65.29	202,228.05
12/08/2017	EFT	Neofunds by Neopost		95.71	202,132.34
12/08/2017	EFT	Napa Auto Parts		666.49	201,465.85
12/11/2017	EFT	City of Sacramento		49.74	201,416.11
12/11/2017	EFT	City of Sacramento		146.57	201,269.54
12/11/2017	EFT	City of Sacramento		4.38	201,265.16
12/11/2017	EFT	Comcast		126.13	201,139.03
12/11/2017	EFT	The Home Depot		320.93	200,818.10
12/13/2017	EFT	Cal Pers		1,010.00	199,808.10
12/13/2017	EFT	-MULTIPLE-		10,926.77	188,881.33
12/14/2017	33331	Berkshire Hathaway Homestate Compa...		3,016.93	185,864.40
12/14/2017	33332	Berkshire Hathaway Homestate Compa...		3,016.93	182,847.47
12/15/2017	EFT	Bank of the West		35.00	182,812.47
12/19/2017	33333	Airgas NCN		320.80	182,491.67
12/19/2017	33334	AT&T		259.10	182,232.57
12/19/2017	33335	Valley Truck & Tractor Company		4,219.28	178,013.29
12/19/2017	33336	Grainger, Inc.		139.77	177,873.52
12/19/2017	33337	Sterling May Equipment Co. Inc.		194.39	177,679.13
12/19/2017	33338	MBK Engineers		1,950.00	175,729.13
12/19/2017	33339	Smile Business Products		201.63	175,527.50
12/19/2017	33340	Jan-Pro		48.75	175,478.75
12/19/2017	33341	Total Compensation Systems, Inc.		1,350.00	174,128.75
12/19/2017	33343	Agriform		115.36	174,013.39
12/19/2017	33344	Big Valley Divers, Inc.		4,341.50	169,671.89
12/19/2017	33345	Contour Sierra Aebi, LLC		827.13	168,844.76
12/19/2017	33346	Core Logic Information Solutions, Inc.		256.00	168,588.76
12/19/2017	33347	State Water Resources Control Board		2,062.00	166,526.76
12/19/2017	33348	ACWA JPIA		1,794.76	164,732.00
12/19/2017	33349	West Yost Associates		121.37	164,610.63
12/19/2017	33350	Carson Landscape Industries		855.00	163,755.63
12/19/2017	33351	Steve Yaeger Consulting		2,625.00	161,130.63
12/19/2017	33352	Kelly Services		12.52	161,118.11
12/19/2017	33353	Great America Financial Services		279.69	160,838.42
12/19/2017	33354	WSP USA, Inc.		3,439.77	157,398.65
12/19/2017	33355	Unico Engineering, Inc.		1,052.21	156,346.44
12/19/2017	33357	CH2M Hill		12,563.90	143,782.54
12/19/2017	33342	US Bank Corp		1,085.35	142,697.19
12/19/2017	33356	Arktos, Inc.		53,775.00	88,922.19
12/20/2017			300,000.00		388,922.19
12/20/2017				40,031.01	348,891.18
12/21/2017	33358	Jim Clifton		1,317.75	347,573.43
12/22/2017			4,500.00		352,073.43
12/27/2017			1,000,000.00		1,352,073.43

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01/04/18
Accrual Basis

Reclamation District No. 1000
Transactions by Account
As of December 31, 2017

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
12/29/2017			4.27		1,352,077.70
12/29/2017				22,185.00	1,329,892.70
Total 1010.00 - Bank of the West Checking Acct			1,304,504.27	356,115.60	1,329,892.70
Total Cash and Investments			1,304,504.27	356,115.60	1,329,892.70
TOTAL			1,304,504.27	356,115.60	1,329,892.70

Reclamation District No. 1000
 Budget to Actual Comparison
 July 1, 2017 to December 31, 2017 (Six Months Ending of Fiscal 2018)

	Year to Date July 1, 2017 to December 31, 2017	Budget	Percent of Budget
Operation & Maintenance Income			
Property Assessments	-	2,248,421	0.00%
Rents	4,968	20,000	24.84%
Interest Income	19,610	13,000	150.85%
Finance Charges/Penalty	-	200	0.00%
CERBT Reimbursement	-	-	Not Budgeted
SAFCA - O/M Assessment	-	1,300,000	0.00%
Miscellaneous	1,372	5,000	27.44%
Total	25,950	3,586,621	0.72%
Restricted Fund			
Metro Airpark Groundwater Pumping	-	20,000	0.00%
Total Combined Income	25,950	3,606,621	0.72%
Operations and Maintenance - Expense			
Administration			
Election Cost	7,563	50,000	15.13%
City/County Fees	4,119	10,000	41.19%
Legal	65,792	85,000	77.40%
Liability/Auto Insurance	106,984	110,000	97.26%
Office Supplies	3,064	5,500	55.71%
Assessment Costs	12,541	30,000	41.80%
Computer Costs	3,612	10,000	36.12%
Uninsured Losses	-	1,000	0.00%
Accounting/Payroll Services	9,542	36,000	26.51%
Adm'n. Services	19,213	26,000	73.90%
Utilities (Phone/Water/Sewer)	7,451	23,500	31.71%
Mit. Land Expenses	106	3,000	3.53%
Other	7,114	10,000	71.14%
SAFCA (CAD)	-	3,600	0.00%
New Office Furniture	3,331	-	Not Budgeted
Property Taxes/Assessments	6,359	-	Not Budgeted
Sub Total	256,791	403,600	63.63%
Personnel/Labor			
Wages	457,081	987,688	46.28%
Group Insurance	57,833	118,305	48.88%
Worker's Compensation Insurance	15,085	46,000	32.79%
Annuitant Health Care	27,028	-	Not Budgeted
OPEB - ARC	-	38,785	0.00%
Dental/Vision/Life	10,550	26,000	40.58%
Payroll Taxes	33,832	76,580	44.18%
Pension	114,242	156,044	73.21%
Trustee Fees	16,200	39,000	41.54%
Sub Total	731,851	1,488,402	49.17%

Operations

Power	133,763	500,000	26.75%
Supplies/Materials	8,998	22,000	40.90%
Herbicide	27,935	135,000	20.69%
Fuel	20,039	55,000	36.43%
Field Services	129,020	96,500	133.70%
Field Operations Consultants	12,449	20,000	62.25%
Equipment Rental	-	10,000	0.00%
Refuse Collection	4,598	10,000	45.98%
Equipment Repair/Service	6,156	22,000	27.98%
Equipment Parts/Supplies	40,258	55,000	73.20%
Facility Repairs	50,847	250,500	20.30%
Shop Equipment (not vehicles)	194	13,000	1.49%
Field Equipment	-	11,000	0.00%
Misc/Other 2	1,989	-	Not Budgeted

Sub Total	436,246	1,200,000	36.35%
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Equipment

Small Equipment/Software	5,500	12,500	44.00%
Service Truck Replacement	44,193	-	Not Budgeted
Large Equipment	203,941	209,000	97.58%

Sub Total	253,634	221,500	114.51%
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Consulting/Contracts/Memberships

Public Relations	11,900	35,000	34.00%
Engineering/Admin Consultants	84,557	150,000	56.37%
Memberships	21,106	35,000	60.30%
Security Patrol	30,300	83,000	36.51%
Contingency Levee Patrol	-	5,000	0.00%

Sub Total	147,863	308,000	48.01%
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Total O & M Expenses	1,826,385	3,621,502	50.43%
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Capital Expenses

Capital Facilities	77,375	300,000	25.79%
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Total All Expenditures	1,903,760	3,921,502	48.55%
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**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 4**

SUBJECT: COMMITTEE REPORTS (Information)

- A. SAFCA Representatives – verbal report
- B. Operations Committee (12/20/17)
- C. Executive Committee (1/3/18)
- D. Legal Committee (1/5/18)

Operation Committee Meeting Minutes

December 20, 2017

The Operations Committee met to discuss the proposed RD 1000 Asset Management Plan and Plant 1 update. In attendance at this meeting were: Tom Barandas, Chair, Committee Members David Christophel and Jeff Smith, General Manager Paul Devereux, Superintendent Don Caldwell, Administrative Services Manager Joleen Gutierrez, and consultants Scott Brown from Larsen Wurzel, and Tim Hill and Nick Pealy from CH2M.

General Manager Paul Devereux provided a brief overview of the list of priorities identified in the Asset Management Plan developed by CH2M. He requested input from the Committee on how best to approach the list of priorities; specifically, if the priorities should be changed, if items from the list should be removed, and whether there are additional initiatives that should be considered.

Committee members addressed a need for Trustees to better understand the reasons for the listed initiatives and their cost and budget implications. The Committee suggested that a brief fact sheet or additional background information on each of the 15 listed items would be helpful. The Committee also agreed that understanding the linkages and dependencies of these initiatives and the anticipated benefits would be helpful. Jeff Smith suggested that the CH2M consultants could help us prepare this information. The Committee members agreed to hold a follow-up call in the near future following review of the requested materials. General Manager Devereux indicated that he will work toward an implementation plan to take to the board in January 2018.

The Committee then received an update on the Plant 1 transformer issue from consultant Scott Brown. He stated the calculations show the District can operate all pumps at Plant 1B using the two existing transformers in an open-delta configuration. Installation of a relay switch to shut the plant down if a ground fault is detected will be delayed about 4 to 6 weeks to secure the part. However, the District will request SMUD energize the plant immediately so it could be available even if the relay is not functional. Long-term options for the plant are still being studied and need to consider the Corps' Natomas Levee Project and the viability of leaving the existing Plant 1A outfall tunnels in place. The long-term decision will need to be made in 2018.

Finally, the Committee heard an update from General Manager Devereux on the erosion site at 7907 Garden Highway. At a recent meeting, the State initially determined that the erosion was not critical since it was not within the levee prism; however, they will review this opinion with their management in consideration of the significant consequences of levee failure in the Natomas Basin, proximity to the existing structure, impacts if the structure were to fall into the river, and the difficulty it would pose in doing a flood fight at this location.

Being no further business to discuss, the meeting was adjourned.

Executive Committee Minutes

January 3, 2018

In attendance were Trustee Jeff Smith, Tom Barandas and GM Devereux. Trustee Fred Harris participated by phone

There were no members of the public present and therefore no public comments.

GM Devereux discussed the items he proposed to include on the agenda for the January 2018 Board meeting. The first item will be for the Board to elect officers followed by appointment of Committee members. Trustee Barandas will reach out to Board members on their preference for Committee participation.

The Committee members discussed the erosion site along the Garden Highway and work on restoring power to Plant No. 1. They also discussed succession planning efforts for the District's management positions.

There being no further business, the meeting was adjourned.

Legal Committee Meeting Minutes

January 5, 2018

The Legal Committee met on January 5, 2018 in Closed Session with District Counsel Jim Day on matters involving significant threat of litigation.

After meeting, District Counsel Day reported there were no actions taken by the Committee.

There being no further business to conduct, the Committee was adjourned.

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 5**

SUBJECT: Board Business (Action/Information)

- A. Annual Banking Resolution – Signatures/Authorization (Action)
- B. Sacramento County 2018 Investment Policy for the Pooled Investment Fund (Receive and File)
- C. Plant No. 1 Transformer Repair Update (Information)
- D. Status of Sacramento River Bank Erosion site vicinity of 7907 Garden Highway (Information)

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 5A**

SUBJECT: **Adopt Annual Banking Resolution**

BACKGROUND:

The California Water Code allows the Board to create a revolving fund for paying expenses.

In December 1997, the Board adopted Resolution 1997-12B outlining the District's signature authorization and check signing limits. Specimen signatures were provided at that time for the Sacramento County Treasurer and Bank of the West.

In December of 2014 the Board authorized payment to specific vendor via electronic payment and set a limit of \$20,000.00 per transaction. Transactions over \$20,000.00 require the written authorization of a Trustee. An email authorizing payments over \$20,000.00 will serve for a written authorization.

SUMMARY:

The Board is required to adopt and file a new Banking Resolution with the Sacramento County Treasurer annually and with Bank of the West when signatories change.

RECOMMENDATION:

Move to adopt the resolution as prepared by staff. Provide specimen signature on Resolution as required.

RECLAMATION DISTRICT NO. 1000
OPERATION AND MAINTENANCE FUND
RESOLUTION NO. 2018-01-12

WHEREAS, Reclamation District No. 1000 maintains an Operation and Maintenance Fund held by the Sacramento County Treasurer; and

WHEREAS, Reclamation District No. 1000 also maintains a Revolving Fund pursuant to Water Code Section 50657; and Reclamation District No. 1000 assumes responsibility for disbursement of such Revolving Fund and agrees to hold and save the Sacramento County Treasurer harmless from any improper disbursement of such Revolving Fund as required by Water Code Section 50658; and

WHEREAS, the Board of Trustees by this Resolution desires to set forth the names and specimen signatures of the officers and Trustees of Reclamation District No. 1000 and set forth the names and required signatures for withdrawal or payment of funds from such accounts;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The following are the names and specimen signatures of Trustees of Reclamation District No. 1000:

Nicholas Avdis

Tom Barandas

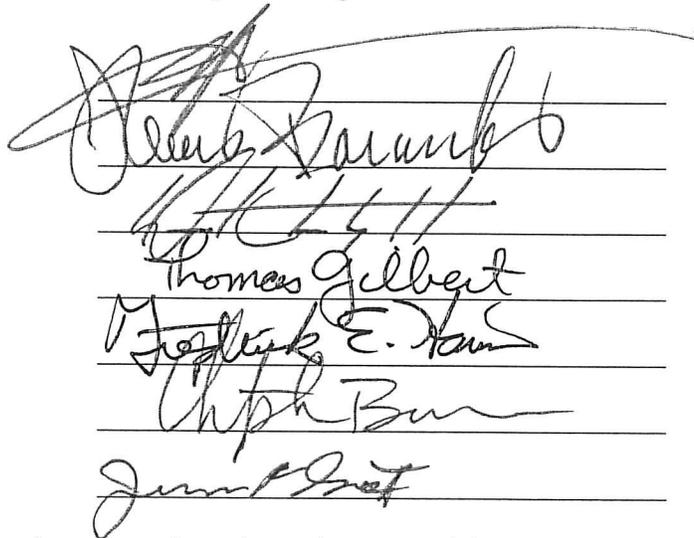
David Christophel

Thomas Gilbert

Frederick Harris

Christopher Burns

Jerome Smith

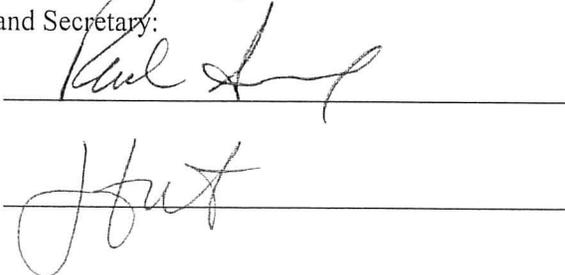


Handwritten signatures of Trustees: Tom Barandas, David Christophel, Thomas Gilbert, Frederick Harris, Christopher Burns, and Jerome Smith.

2. The following are the name and specimen signatures of the Reclamation District No. 1000 General Manager and Secretary:

Paul Devereux
General Manager

Joleen Gutierrez
District Secretary



Handwritten signatures of General Manager Paul Devereux and District Secretary Joleen Gutierrez.

3. Funds held in the Reclamation District No. 1000 Operation and Maintenance Fund held by the Sacramento County Treasurer may be withdrawn or paid solely by warrant signed by any four or more of the Trustees of the District as identified in Paragraph 1 or this resolution and attested to by the Secretary of the Board of Trustees or General Manager as identified in Paragraph 2 of this resolution.
4. Funds on deposit in the District's revolving fund may be withdrawn or paid by check signed by any one of those identified in paragraph 1 of this resolution or the District Manager or District Secretary as identified in paragraph 2 of this resolution, for amounts less than \$20,000.00 and any two of the Trustees as identified in Paragraph 1 or the General Manager as identified in paragraph 2 and a Trustee as identified in paragraph 1 of this resolution for amounts exceeding \$20,000.00.
5. Funds on deposit in the District's revolving fund may be withdrawn or paid via electronic fund transfer (ACH) to specific vendors as shown on Attachment A. Electronic fund transfers paid to vendors specified in Attachment 1 shall not exceed \$20,000.00. If an amount to be paid via electronic transfer exceeds \$20,000.00, a written authorization must be received from a Trustee as identified in Paragraph 1 of this Resolution in addition to authorization by the General Manager, an email authorization is considered a written authorization. Amounts of \$20,000.00 or less may be authorized by any of those identified in paragraph 1 of this resolution or the District Manager or District Secretary as identified in paragraph 2 of this resolution.

CERTIFICATION

I, Joleen Gutierrez, Secretary of Reclamation District No. 1000, hereby certify that the foregoing Resolution 2018-01-12 was duly adopted by the Board of Trustees of Reclamation District No. 1000 at the regular meeting held January 12, 2018 and made a part of the minutes thereof.



Joleen Gutierrez
District Secretary

ATTACHMENT 1

The following is a list of Vendors approved by the Board to be paid electronically:

CalPERS – Pension/Health/Deferred Comp
PG & E – Utilities
City of Sacramento – Utilities
Verizon - Wireless Service
Comcast – Internet Service
Smile Business – Office Equipment Maintenance
Terminix - Pest Control Service
Neopost - Postal Service
Alhambra – Water Service (shop)
Airgas – Shop Service
Berhshire Hathaway – Worker’s Comp
Home Depot Credit – Shop Supplies
Napa Auto Parts – Equipment Supplies/Parts
Tractor Supply – Equipment Parts
Waste Management – Utilities

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 5B**

SUBJECT: Sacramento County 2018 Investment Policy - Receive and File

SUMMARY:

The Sacramento County Treasurer is required to disclose their Annual Investment Policy to agencies with funds on deposit with the County Treasurer. The District's annual assessments are deposited with the Sacramento County Treasurer.

As a depositor with the Sacramento County Treasurer, the District should formally receive and file the County's Annual Investment Policy.

RECOMMENDATION:

Move to receive and file the Sacramento County Calendar Year 2018 Investment Policy for the Pooled Investment Fund.



SACRAMENTO COUNTY

**Annual Investment Policy
of the Pooled Investment Fund**

CALENDAR YEAR 2018

December 5, 2017
Resolution No. 2017-0805

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SACRAMENTO COUNTY

**Annual Investment Policy
of the Pooled Investment Fund**

CALENDAR YEAR 2018

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of time deposits, money market mutual funds, LAIF and Wells Fargo's overnight investment fund, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Sovereign rating of AAA from Standard and Poor's, Moody's, or Fitch and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must be rated a or better, without regard to modifiers, or may have a rating of bbb+ but they must have a Support rating of 1.

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit to \$10 million	<p>(Any 2 of 3 ratings)</p> <p>S&P: A-2</p> <p>Moody's: P-2</p> <p>Fitch: F-2</p> <p style="text-align: center;">OR</p> <p>Collateral is required</p> <p>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</p>

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as Treasury and Agency securities, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations.....	5 years
Washington Supranational Obligations ¹	5 years
Municipal Notes.....	5 years
Registered State Warrants.....	5 years
Bankers Acceptances.....	180 days
Commercial Paper.....	270 days
Negotiable Certificates of Deposit.....	180 days
CRA Bank Deposit/Certificates of Deposit.....	1 year
Repurchase Agreements.....	1 year
Reverse Repurchase Agreements.....	92 days
Medium-Term Corporate Notes.....	180 days
Collateralized Mortgage Obligations.....	180 days

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations.....	100%
Municipal Notes.....	80%
Registered State Warrants.....	80%
Bankers Acceptances.....	40%
Commercial Paper.....	40%
Washington Supranational Obligations.....	30%
Negotiable Certificates of Deposit and CRA Bank Deposit/Certificates of Deposit.....	30%
Repurchase Agreements.....	30%
Reverse Repurchase Agreements.....	20%
Medium-Term Corporate Notes.....	30%
Money Market Mutual Funds.....	20%
Collateralized Mortgage Obligations.....	20%
Local Agency Investment Fund (LAIF).....	(per State limit) ²

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

¹ The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

² LAIF current maximum allowed is \$65 million.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be Treasuries or Agencies valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions which support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of

brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers which have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost

accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

X. Reviewing, Monitoring and Reporting of the Portfolio

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment

trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is \$470 for the period January 1, 2017, to December 31, 2018, and is adjusted for inflation every odd-numbered year. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings				
Rating Interpretation	Moody's	S&P	Fitch	Fitch Viability Rating
<i>Best-quality grade</i>	Aaa	AAA	AAA	aaa
<i>High-quality grade</i>	Aa1	AA+	AA+	aa+
	Aa2	AA	AA	aa
	Aa3	AA-	AA-	aa-
<i>Upper Medium Grade</i>	A1	A+	A+	a+
	A2	A	A	a
	A3	A-	A-	a-
<i>Medium Grade</i>	Baa1	BBB+	BBB+	bbb+
	Baa2	BBB	BBB	bbb
	Baa3	BBB-	BBB-	bbb-
<i>Speculative Grade</i>	Ba1	BB+	BB+	bb+
	Ba2	BB	BB	bb
	Ba3	BB-	BB-	bb-
<i>Low Grade</i>	B1	B+	B+	b+
	B2	B	B	b
	B3	B-	B-	b-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC	ccc
<i>In Poor Standing</i>	-	CCC	-	-
	-	CCC-	-	-
<i>Highly Speculative Default</i>	Ca	CC	CC	cc
	C	-	-	c
<i>Default</i>	-	-	DDD	f
	-	-	DD	f
	-	D	D	f

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

Appendix A

Short Term / Commercial Paper Investment Grade Ratings

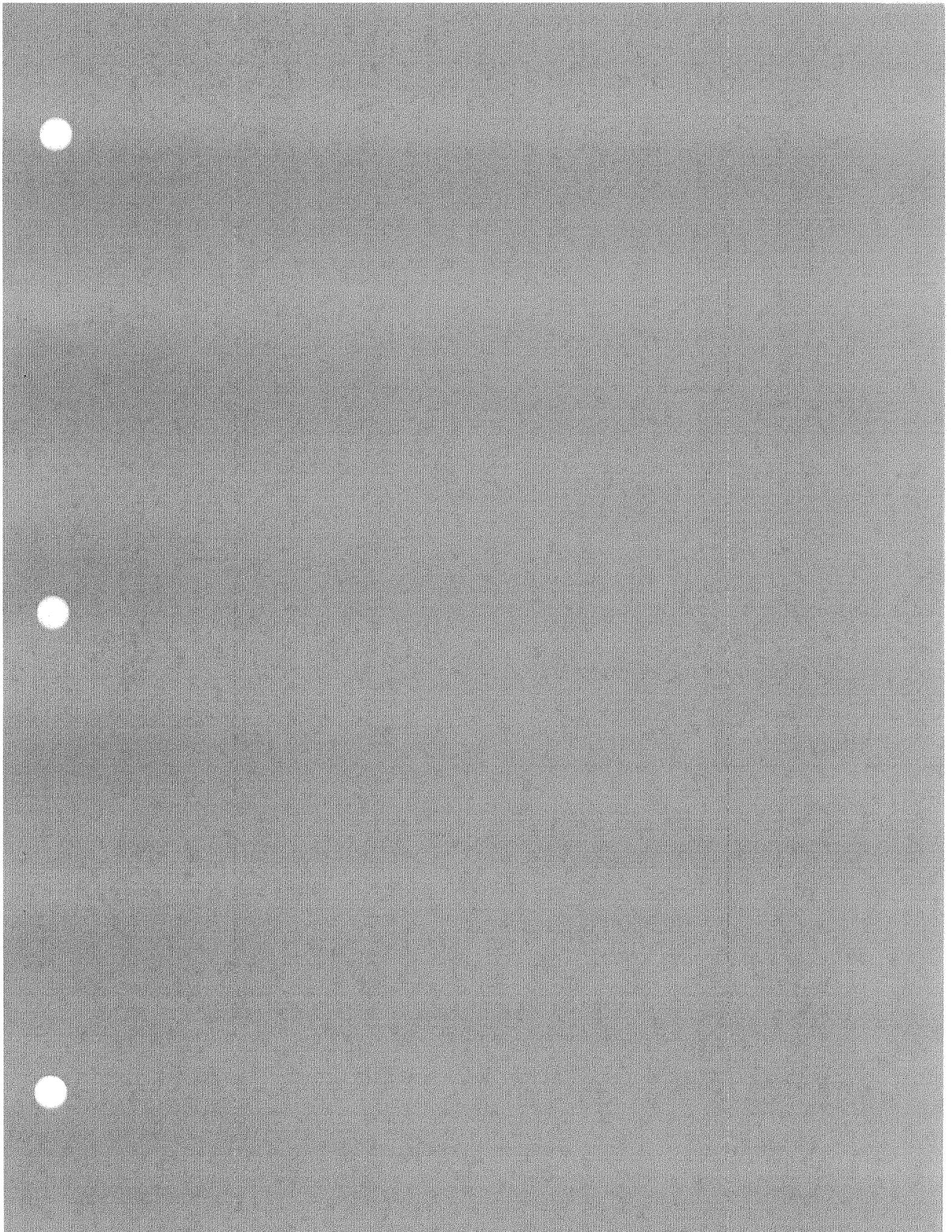
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3

Fitch Support Ratings

Rating	Interpretation
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

Appendix A

Fitch Sovereign Risk Ratings	
<i>Rating</i>	<i>Interpretation</i>
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative. 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative. 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	High default risk. Default is a real possibility.
CC	Very high levels of credit risk. Default of some kind appears probable.
C	Exceptionally high levels of credit risk. Default appears imminent or inevitable.
D	<p>Default. Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.



**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 5C**

SUBJECT: Plant No. 1 Transformer Repair Update (Information)



RECLAMATION
DISTRICT 1000

January 8, 2018

Chan Siu Cheong/Peggy Pickoke Yee
7907 Garden Highway
Sacramento, CA 95837

Dear Mr. Cheong and Ms. Yee:

Our District has been working with you in monitoring the continuing active waterside bank erosion condition adjacent to your property located along the Sacramento River at 7907 Garden Highway. As I informed you several years ago when the erosion was first brought to our attention, and more recently as the erosion has progressed including our January 4, 2018 site visit, as the permittee under an encroachment permit issued by the State of California (State), any desired bank protection is the property owners' responsibility. The only exception to the property's owner's responsibility is if the erosion is considered to be an immediate threat to the levee and the erosion qualifies for repair by the U.S. Army Corps of Engineers (Corps) under P.L. 84-99.

Per our discussions, you are aware we have requested the Corps and the State to consider bank protection repairs at the site under P.L. 84-99. Based on the surveyed cross sections, both the Corps and State have communicated to the District they currently intend no action since they have determined the site is not an immediate threat to the levee. This is primarily due to the fact the erosion has not yet progressed to a condition that penetrates into either the levee embankment or the projected levee cross section. As a result, they do not intend to initiate bank protection repairs at this time.

In support of our request for expedited repairs, the District conducted a preliminary engineering erosion analysis using assumptions of existing soil and hydraulic (river flow) conditions at the site. These assumptions are based on available information within the vicinity of your property and do not represent site specific investigated conditions. The preliminary analysis predicts the potential for erosion to impinge on the projected levee cross section either during a flood event similar to last year (2017) or during a more intense 200-year design flood event. An engineering assessment of either the foundation support integrity or structural stability of the existing residential structure and associated improvements was not performed.

We have shared this preliminary analysis with the Corps, State and Sacramento County building officials. We believe you should also be aware of this potential risk of future erosion/bank loss as it may impact your home. A copy of the analysis is attached to this letter. As recommended in

the past, we urge you to contact a professional engineer to review the report and assist you in making a decision regarding the stability, safety, and continued limited occupancy of the residential structure. We are concerned that if your structure was to fail and collapse into the river, resulting flow disturbances may cause a significant adverse effect of greater magnitude than the erosion estimates provided in the report.

If you decide to proceed with a project to stabilize either the riverbank or residential structure, our District will work with you as best we can to facilitate the permits and repairs to protect your property and residential structure; however, as noted in our prior letters, the design and construction must be done under the direction of a professional engineer and in accordance with both Corps and State requirements. Protection of the existing residential structure is the property owner's responsibility per the Central Valley Flood Protection Board permits issued for the encroachments at the site.

Our District is continuing to urge the Corps and State and to implement a bank protection project at this site given the potential risk to the adjacent Sacramento River levee protecting the Natomas Basin. As always, feel free to contact me with any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Devereux".

Paul Devereux
General Manager/District Engineer

cc. Mitra Emami (Central Valley Flood Protection Board)
Dave Wheeldon (California DWR)
Mark List (California DWR)
Sterling York (California DWR-Levee Inspection)
Gerard Slattery (Corps of Engineers)
Ray Costa (Kleinfelder)
Mike Kynett (MBK Engineers)
John Bassett (SAFCA)
Roger Ince (Sacramento County OES)

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 5D**

SUBJECT: Status of Sacramento River Bank Erosion site vicinity of 7907 Garden Highway
(Information)

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 6**

SUBJECT: General Manager's Report (Information/Discussion)

- A. Regional Flood Control Issues
- B. Flood Season Update
- C. Update on Plant 2 FEMA Disaster Assistance Grant Closeout (2006 Flood)
- D. Asset Management and Capital Improvement Plan
- E. Update Corps Design Progress Natomas Levee Project
- F. Management Coordination Meeting with NCMWC and TNBC
- G. Encroachment Permits Endorsed
- H. Status of District Audit FY 16-17
- I. District Website Update

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 7**

SUBJECT: Public Outreach Update – K. Pardieck

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 8**

SUBJECT: District Counsel's Report

This will be a verbal report by District Counsel Jim Day.

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 9**

SUBJECT: Superintendent's Report

To: Trustees of Reclamation District No. 1000

From: Superintendent Don Caldwell

Date: January 12, 2018

Re: Report of activities within the District during the month of December 2017

The chart below represents the various activities the field crew spent their time working on during the month of December 2017.

RD 1000 Field Crew	*Man Days Worked	Activity
	3	Plant Maintenance
	4	Grounds
	21	Levee Maintenance
	7	Pump Maintenance
	12	Ditch Maintenance
	2	Fence Repair
	14	Garbage
	0	Weed Control
	9	Mowing
	0	Upper GGS
	16	Equipment Repairs

**Man days do not include: sick, vacation, holiday or Superintendent's time*

Bannon

- High 8.23'
- Low 6.93'

River High

- High 9.24'
- Low 6.93'

Rain Report

Rain at shop for the month of December was .08"

Rain total since July 1 st is 2.61"

Rain total last year at this date was 7.65"

Pump Report

Small amount of pumping due to City and County Detention basin releases.
And pumping at Pumping Plant # 2 for north drain bank maintenance.

Pumping At Plant # 8

Pump # 2 ran for 19.9 hours and pumped 208.95 A/F
Pump # 3 ran for 435.2 hours and pumped 1,653.76 A/F
Pump # 4 ran for 9.9 hours and pumped 28.71 A/F
Pump # 5 ran for 176.1 hours and pumped 669.18 A/F

Pumping Plant # 3

Pump # 1 ran for 57.5 hours and pumped 121.75 A/F

Pumping Plant # 2

Pump # 1 ran for 18.0 hours and pumped 118.8 A/F

Pump # 2 ran for 17.6 hours and pumped 51.04 A/F

Safety Topic for the month of November:

Proper Fire Extinguisher operation

Reclamation District No. 1000
Superintendent Don Caldwell

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 10**

SUBJECT: Correspondence/News/Information

**STAFF
SUMMARIES & RECOMMENDATIONS
JANUARY 12, 2018
AGENDA ITEM 11**

SUBJECT: Closed Session

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: one case