

## MID BOARD POLICY

Category: **Governance Process**

Title: **Purpose of the Board**

Date of Adoption:

Policy Number: **GP-1**

Related Action: September 10, 2013

Resolution No. 2013-70

The Board is the legislative body of the Modesto Irrigation District (MID). It operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws. It is the power and duty of the Board to manage and conduct the business and affairs of MID.

The purpose of the Board of Directors is to:

- a) Identify and define the mission, vision, core values and goals of MID, along with the quantitative and qualitative results that MID is to achieve and communicate them in the form of policy.
- b) Identify and define those results or conditions of MID that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Ensure budgets and rates are established consistent with achieving those results and conditions.
- d) Monitor the organization's performance against the results that the Board has established for MID.
- e) Make those organizational decisions as may be required by the Irrigation District Law.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION NO. 2013-70**  
**ADOPTING THE BOARD GOVERNANCE PROCESS AND BOARD-STAFF**  
**LINKAGE POLICIES FOR THE MODESTO IRRIGATION DISTRICT**

WHEREAS, over the past three years, staff has developed and the Board has considered a set of policies to formalize the relationship between the Board and staff; and

WHEREAS, these policies provide a framework for conducting business and provide clear guidelines on roles and responsibilities; and

WHEREAS, the Board Governance Process policies describe the manner in which the Board members will undertake to perform their duty to guide the direction of the MID and how they will relate to each other and to staff; and

WHEREAS, the Board-Staff Linkage policies describe the relationship of the Board to the General Manager, in addition to other staff. These policies also define some of the duties and authorities that have been delegated to the General Manager by the Board.

NOW, therefore, BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby adopt the Board Governance Process and Board-Staff Linkage policies for the Modesto Irrigation District.

FURTHER RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby direct that said policies be agendized within the first half of 2014 for review or modification.

Moved by Director Van Groningen, seconded by Director Warda, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Van Groningen, Warda and Wild

Noes: Directors Blom and Byrd

Absent: Directors None

The President declared the resolution adopted.

oOo

I, Pat Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 10th day of September 2013.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

*Complete all fields including resolution, if applicable.*

**Meeting Date:** September 10, 2013

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**Subject:** Discussion of MID Board Policies regarding Board Governance Process and Board-Staff Linkage

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**Recommended Action:** Discussion and possible action on the Modesto Irrigation District Board Policies regarding Board Governance Process and Board-Staff Linkage

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**Background and Discussion:** The General Manager recommends the Board adopt the attached Board Governance Process and Board-Staff Linkage policies to help new and existing MID staff and possibly new Board members. The draft polices are in use and have been part of the training for several new employees including: Assistant Treasurer; General Services Manager; Regulatory Analyst; Assistant General Manager of Finance (recruitment in process); Substation Supervisor; and Civil Engineering Manager.

The policies provide guidance for staff to help their interactions with the Board and the public and are general enough so as not to be prescriptive. An example is most purchasing authority delegation and procedure is not included in either policy, but simply referred to in the separate purchasing procedures and policies. Therefore, the recommendation is: 1) adopt the two policies and, 2) further recommend agendizing the policies within the first half of 2014 for review-revision.

**The following is the Board Agenda Report from the July 23, 2013 Board meeting:** The Board of Directors is the legislative body of the Modesto Irrigation District (MID). It operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws. It is the power and duty of the Board to manage and conduct the business affairs of MID. In addition, the Board has the duty and authority to delegate certain responsibilities to the General Manager for the conduct of MID's day to day business.

The Board has established practices regarding its governance of the MID and its relationship with staff, including the delegation of certain authority to the General Manager. These practices are in some cases set forth by Board Resolution, sometimes included as part of specific Board actions, and sometimes simply courses developed over time.

Over the last couple of years, Board members and staff have been working on developing a set of policies that could formalize the relationship between the Board and staff. These policies provide a framework for conducting business

and provide clear guidelines on roles and responsibilities. A draft of these policies is attached. The policies range from the relationship between the Board and staff to internal Board communication. The policies entitled Governance Process and Board-Staff Linkage memorialize such practices.

The Governance Process policies describe the manner in which the Board members will undertake to perform their duty to guide the direction of the MID and how they will relate to each other and to staff.

The Board-Staff Linkage policies describe the relationship of the Board to the General Manager and other staff. They also define some of the duties and authorities that have been delegated to the General Manager by the Board.

<b>Alternatives, Pros and Cons of Each Alternative:</b>	N/A
<b>Concurrence:</b>	N/A
<b>Fiscal Impact:</b>	N/A
<b>Recommendation:</b>	Discussion and possible action on the Modesto Irrigation District Board Policies regarding Board Governance Process and Board-Staff Linkage
<b>Attachments:</b>	Supporting documents attached: <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Other supporting docs <input type="checkbox"/> None attached <i>Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.</i>

## MID BOARD POLICY

Category: <b>Governance Process</b>	Title: <b>Governance Focus</b>
Date of Adoption:	Policy Number: <b>GP-2</b>
Related Action:	Resolution No.

The Board will govern with an emphasis on: (i) outward vision; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and General Manager roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactive thinking.

Specifically:

- a) The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be an initiator of policy. The Board will use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on MID's intended long-term impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the board president to determine the appropriate manner of this feedback and evaluation.

**Monitoring Method:**  
**Frequency: Annual**

## MID BOARD POLICY

<p>Category: <b>Governance Process</b></p> <p>Date of Adoption:</p> <p>Related Action: September 27, 2022</p> <p>Related Action: November 14, 2017</p> <p>Related Action: March 30, 2010</p> <p>Related Action: July 23, 1974, and regularly updated</p>	<p>Title: <b>Board Job Description</b></p> <p>Policy Number: <b>GP-3</b></p> <p>Resolution No. 2022-43(O&amp;M and Capital)</p> <p>Resolution No. 2017-74(org chart)</p> <p>Resolution No. 2010-38</p> <p>Resolution No. Employee Handbook</p>
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The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Hire and, when necessary, discharge the General Manager, the General Counsel, and the Board Secretary. Regularly monitor and evaluate the performance of the General Manager.
- c) Develop and use outreach mechanisms to ensure the Board hears the strategic viewpoints and values of customers, owners, the community and other interested stakeholders.
- d) Serve as ambassadors for MID and build relationships throughout the District and the region.
- e) Establish policies to guide the General Manager, General Counsel, and staff.
- f) Adopt strategic directives for MID and review them annually.
- g) Adopt the MID budget to meet the financial policies and achieve the strategic directives.
- h) Set the rates, rules and regulations for services and commodities provided by MID, based on cost of service and designed to meet the financial policies and strategic directives.
- i) Direct the preparation and issuance of MID bonds for capital facilities.

- j) Adopt an organizational structure and employee policies to support the mission, vision, core values and goals identified by the Board.
- k) Hold regular meetings to conduct the business of MID in an open and transparent manner consistent with applicable open meeting laws, including an annual organizational meeting at which it shall elect a President and Vice President in accordance with law.
- l) Authorize the General Manager to perform actions, make decisions and direct staff as necessary to accomplish the goals, policies and directives established by the Board.
- m) Take such other actions as may be required by law.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION 2022-43**  
**APPROVING THE ADOPTION OF THE MODESTO IRRIGATION DISTRICT'S**  
**2023 O&M AND CAPITAL BUDGET**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the Budget for the calendar year 2023, as summarized below:

<b>Expenditures</b>	<b>2023 Budget (\$M)</b>	<b>Percent of Budget</b>
Power Supply Expense	\$309.5	56%
Operation & Maintenance Expense	\$141.5	26%
Debt Service	\$62.5	11%
Capital Expenditures	\$37.5	7%
Subtotal	<u>\$550.9</u>	
Total less Financing Proceeds	<u>\$522.5</u>	

Expenditures paid with Anticipated Financing Proceeds in 2023 \$28.4

Reference is hereby made for full particulars to the detailed budget as on file in the office of the Board Secretary.

BE IT FURTHER RESOLVED, That the General Manager is authorized and directed to implement the Budget with all existing policies and delegations of authority; the General Manager is further authorized and directed to employ such personnel as appropriate to conduct the business of the District, consistent with the Budget.

BE IT FURTHER RESOLVED, That the budget amount funded by reserves includes monies to provide operating expenditures that are not funded by revenue sources, capital projects that are not financed or funded by revenues, and debt service coverage revenues to maintain proper coverage ratios for debt and obligation service per the District's bond resolution.

BE IT FURTHER RESOLVED, That the budget can include an estimated amount to fund debt/pension liability defeasance with final determination to be made based on the District's actual financial cash position during the 2023 Budget year.

BE IT FURTHER RESOLVED, That for purpose of establishing compliance with the requirements of United States Treasury Regulations, Section 1.150-2, the Board of Directors of the Modesto Irrigation District ("District") does hereby declare its intention to undertake tax-exempt financing, in a maximum principal amount not to exceed the total Capital Expenditures set forth herein, or to reimburse itself or other local, state or federal agency expenditures under the jurisdiction of the District related to the capital expenditure with respect to the 2023 Budget year, including repair or replacement of facilities and capital improvements, and such additional unbudgeted expenditures as the District's Board of Directors may approve in 2023, subject to the final authorization and approval at a subsequent meeting of the terms and conditions of such tax-exempt financing by the District's Board of Directors.



BE IT FURTHER RESOLVED, That the Board of Directors hereby declares its intent to fund the Retiree Medical Benefits Plan each year in the amount required to pay the actuarial cost of providing retiree healthcare coverage.

Moved by Director Blom, seconded by Director Byrd, that the foregoing resolution be adopted.

The following roll call vote was had:

Ayes: Directors Blom, Byrd, Campbell and Gilman

Noes: Director None

Absent: Director Mensinger

Vice President Gilman declared the resolution adopted.

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I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the twenty-seventh day of September 2022.



Board Secretary of the  
Modesto Irrigation District



# BOARD AGENDA REPORT

*Complete all fields including resolution, if applicable.*

Meeting Date: September 27, 2022

**Subject:** 2023 Modesto Irrigation District Budget Adoption

**Recommended Action:** Adoption of the Modesto Irrigation District's 2023 O&M and Capital Budget.

**Background and Discussion:**

The 2023 budget discussions began with budget workshops with staff reviewing policies and programs that are major drivers of the budget including Electric Resource Policy and Risk Management & Hedging. Following the policy presentations, staff reviewed the Operation & Maintenance (O&M) and Capital budget with the Board highlighting major changes and new projects for 2023. Planning for 2023 has included challenges from constrained resources, supply chain delays and inflationary price pressures. These challenges continue to be met with a proposed budget that supports the District's initiatives and provides the services our customers have come to expect. As discussed during the workshops, the District is facing significant pricing pressures related to purchase and power fuel costs. Staff has worked to make cuts and deferrals to mitigate cost increases wherever possible. Major projects and themes of the 2023 budget include:

Power Supply

- Natural gas costs up 45% over 2022
- Purchase Power costs up 23% over 2022

Continued investment in reliability

- Wood pole inspections and restoration
- Spare distribution transformer purchase
- Pipeline/pump replacements

Investment in technology

- Microwave radio system upgrade
- Continued security and communication infrastructure updates

Today staff is presenting summarized budget information and asking for approval of the 2023 O&M and Capital. The summary of the proposed budgets are listed in the table below.

Expenditures	2023 Budget (\$M)	Percent of Total Budget
Power Supply	\$309.5	56%
Operation & Maintenance	\$141.5	26%
Debt Service	\$62.5	11%

Capital Expenditures	\$37.5	7%
Subtotal	\$550.9	
Total less financing proceeds	\$522.5	

All previous budget workshop discussions and preliminary budget documents can be viewed via the MID web site ([www.mid.org/about/board/agenda](http://www.mid.org/about/board/agenda)). The complete preliminary budget is also posted on the web site ([www.mid.org/about/budget](http://www.mid.org/about/budget)).

**Alternatives, Pros and Cons of Each Alternative:** The District’s bond documents require the adoption of a budget each calendar year.

**Concurrence:** Finance, Senior Management.

**Fiscal Impact:** As proposed, the expense budget exceeds the revenue budget. Staff will bring rate options to the Board in subsequent meetings to align the expenditure budget with the revenue budget.

**Recommendation:** Adoption of the Modesto Irrigation District’s 2023 O&M and Capital budget

**Attachments:** Supporting documents attached:

Presentation       Other supporting docs       None attached

*Note: Original contracts and agreements are housed in the Board Secretary’s Office, phone (209) 526-7360.*

Details listed above are accurate and complete to the best of my knowledge.

Presenter
Date Signed

<b>Asst. General Manager</b>
<i>Jimi Netniss</i> Jimi Netniss
9/22/2022
Date Signed

<b>General Manager</b>
<i>Ed Franciosa</i> Ed Franciosa
9/22/2022
Date Signed

**RESOLUTION 2017-74**  
**ADOPTION OF THE MODESTO IRRIGATION DISTRICT'S 2018 OPERATIONS & MAINTENANCE**  
**AND CAPITAL AND REVENUE BUDGET**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the Budget for the calendar year 2018, as summarized below:

<b>Expenditures</b>	<b>2018 Budget (\$M)</b>	<b>Percent of Budget</b>
Power Supply Expense	187.2	44%
Operation & Maintenance Expense	127.0	30%
Debt Service	73.1	16%
Capital Expenditures	42.4	10%
Subtotal	<u>\$429.7</u>	
Total less Financing Proceeds	<u>\$412.0</u>	

Expenditures paid with Anticipated Financing Proceeds in 2018 \$17.8

BE IT FURTHER RESOLVED, that the Board of Directors of the Modesto Irrigation District does hereby approve the 2018 Revenue Budget, as summarized below:

<b>Revenues</b>	<b>2018 Budget (\$M)</b>	<b>Percent of Budget</b>
Electric Sales	366.3	90%
Water Revenue	26.5	6%
Interest Income	4.9	1%
Other Income	14.2	3%
Subtotal	<u>\$411.9</u>	100%
Financing Proceeds	17.8	
Total	<u>\$429.7</u>	

Reference is hereby made for full particulars to the detailed budget as on file in the office of the Board Secretary.

BE IT FURTHER RESOLVED, That the General Manager is authorized and directed to implement the Budget with all existing policies and delegations of authority; the General Manager is further authorized and directed to employ such personnel as appropriate to conduct the business of the District, consistent with the Budget and Table of Organization; and

BE IT FURTHER RESOLVED, That the budget amount funded by reserves includes monies to provide operating expenditures that are not funded by revenue sources, capital projects that

are not financed or funded by revenues, and debt service coverage revenues to maintain proper coverage ratios for debt and obligation service per the District's bond resolution; and

BE IT FURTHER RESOLVED, That for purpose of establishing compliance with the requirements of United States Treasury Regulations, Section 1.150-2, the Board of Directors of the Modesto Irrigation District ("District") does hereby declare its intention to undertake tax-exempt financing, in a maximum principal amount not to exceed the total Capital Expenditures set forth herein, or to reimburse itself or other local, state or federal agency expenditures under the jurisdiction of the District related to the capital expenditure with respect to the 2018 Budget year, including repair or replacement of facilities and capital improvements, and such additional unbudgeted expenditures as the District's Board of Directors may approve in 2018, subject to the final authorization and approval at a subsequent meeting of the terms and conditions of such tax-exempt financing by the District's Board of Directors.

NOW THEREFORE, BE IT RESOLVED, That the Board of Directors hereby declares its intent to fund the Retiree Medical Benefits Plan each year in the amount required to pay the actuarial cost of providing retiree healthcare coverage.

Moved by Director Byrd, seconded by Director Wenger, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Byrd, Campbell, Mensinger and Wenger

Noes: Director None

Absent: Director None

The President declared the resolution adopted.

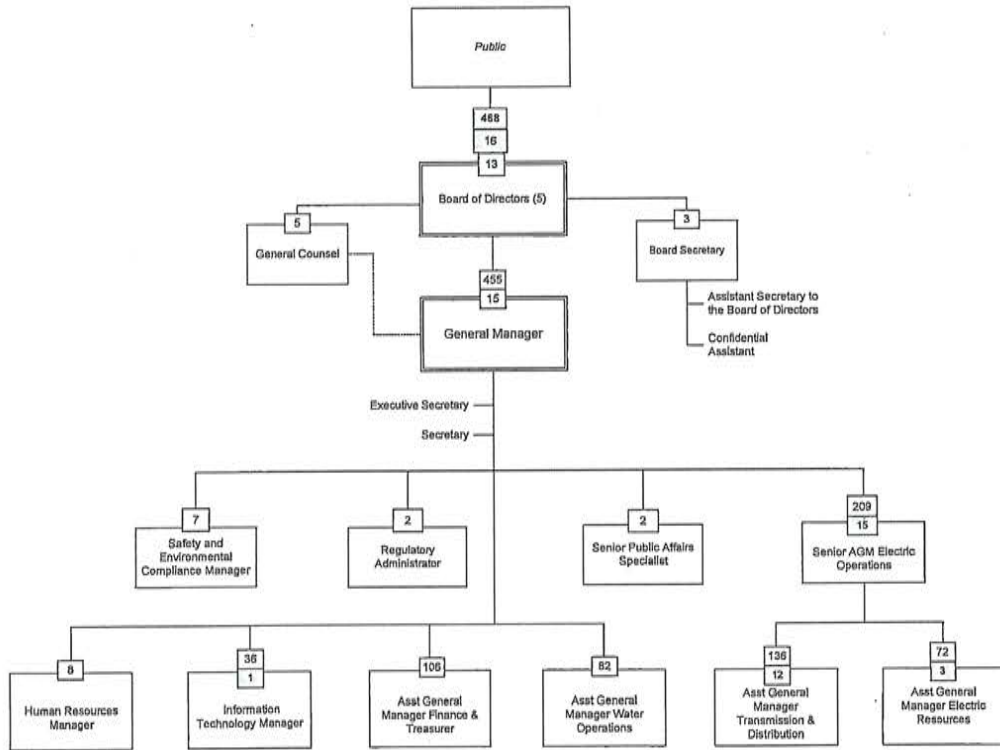
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I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the fourteenth day of November 2017.

  
Board Secretary of the  
Modesto Irrigation District



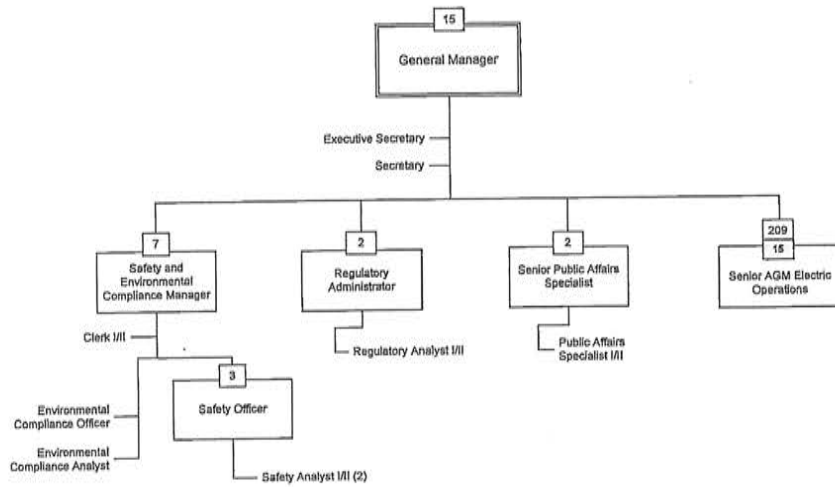
# MID Organizational Chart



Succession



# MID Organizational Chart

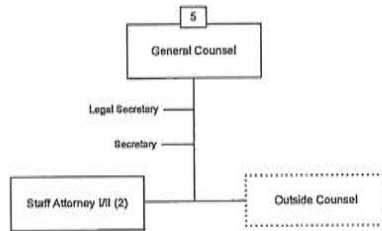


General Manager

11/29/2017



# MID Organizational Chart



Contracted Services  
(not included in count)

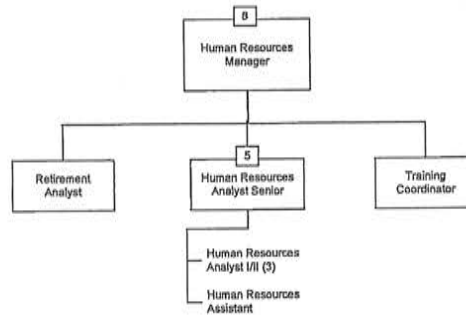
Legal

11/29/2017



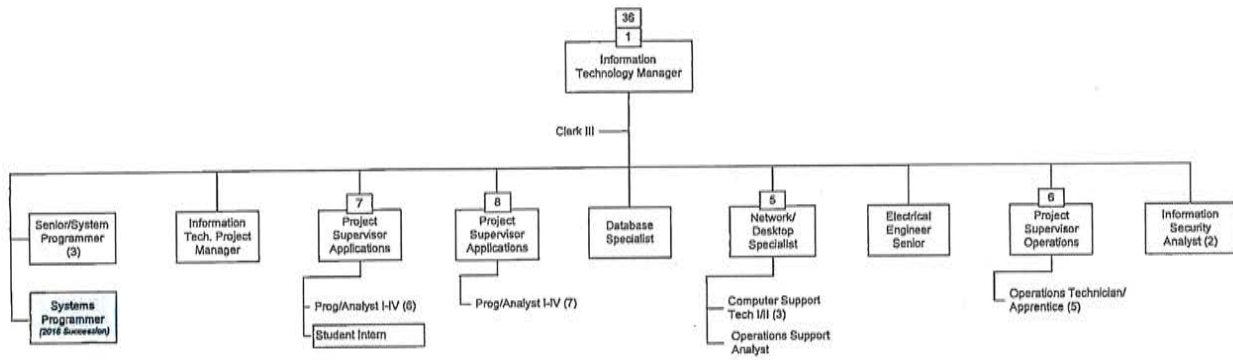


# MID Organizational Chart





# MID Organizational Chart

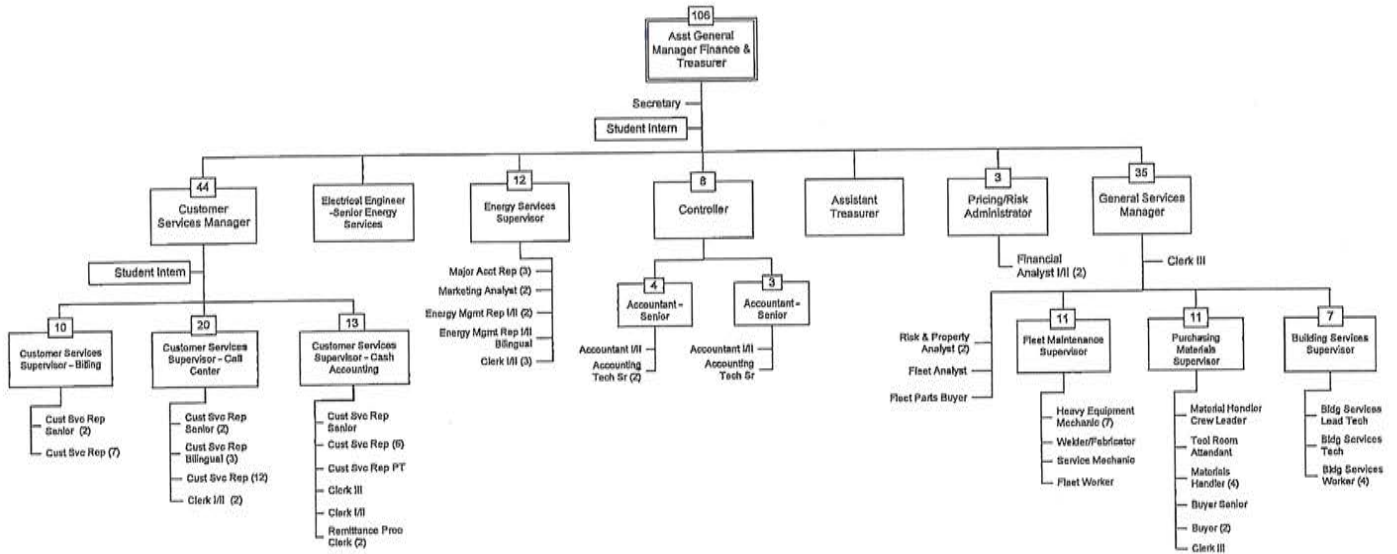


Student Intern: not included in count

Succession



# MID Organizational Chart

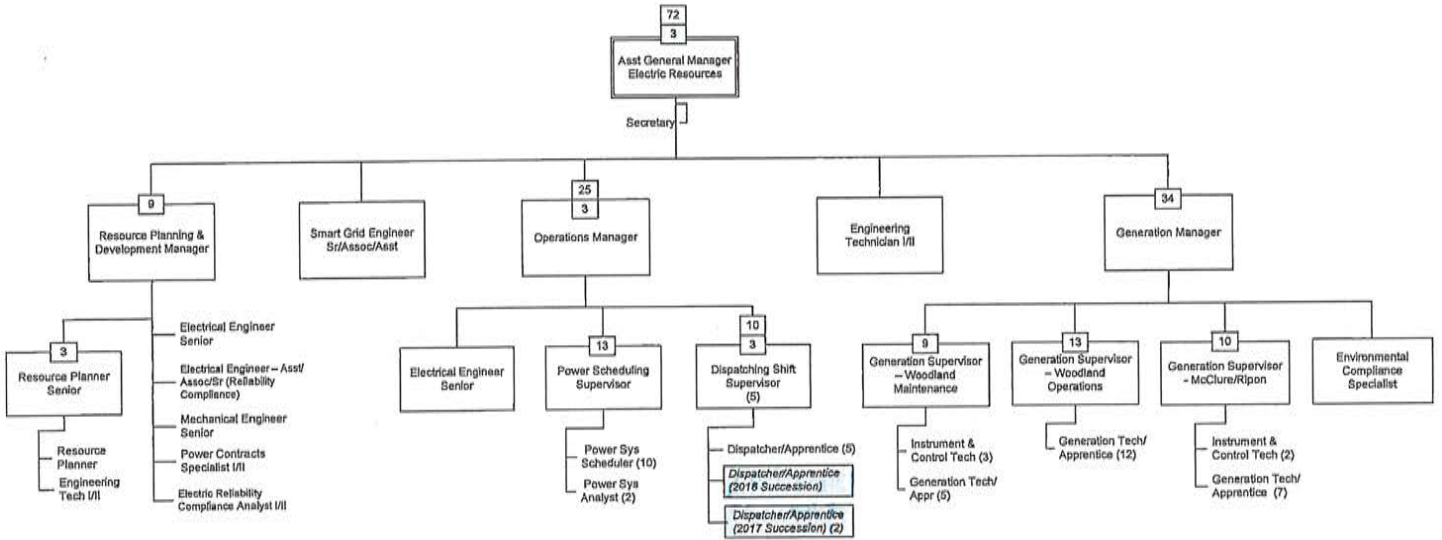


Student Intern: not included in count

Succession



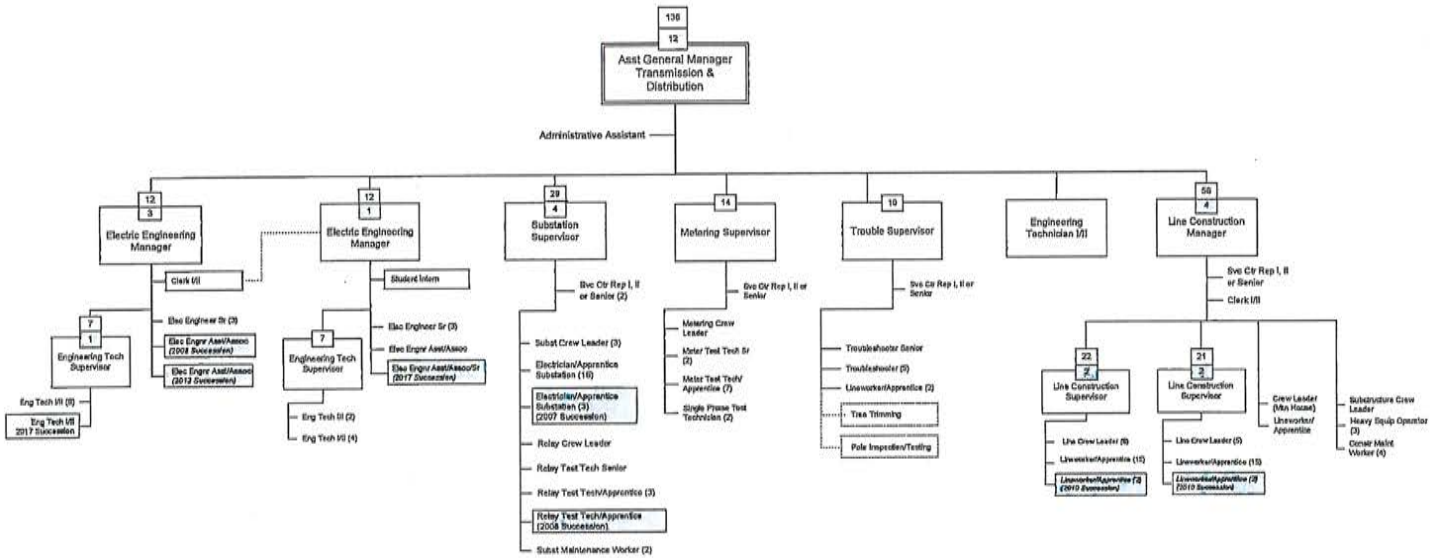
# MID Organizational Chart



Succession



# MID Organizational Chart



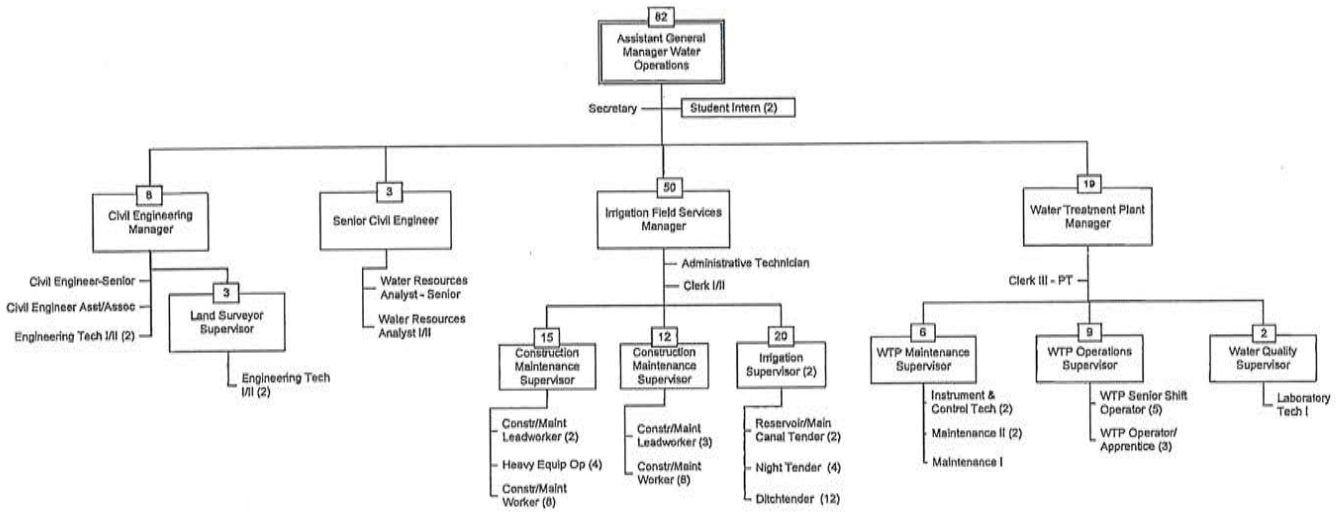
Student Intern: not included in count

Succession

Contracted Services (not included in count)



# MID Organizational Chart



Student Intern: not included in count

Succession



## BOARD AGENDA REPORT

*Complete all fields including resolution, if applicable.*

**Meeting Date:** November 14, 2017

**Subject:** 2018 Modesto Irrigation District Budget Adoption

**Recommended Action:** Adoption of the Modesto Irrigation District's 2018 O&M, Capital and Revenue budget.

**Background and Discussion:**

Staff began the 2018 budget workshops with a review of the policies and programs that are major drivers of the budget including Electric Resource Policy, Risk Management & Hedging, and Energy Services. Following the policy presentations, the budget review began with Capital projects and moved into O&M. The budget was reviewed over several meetings at the detailed, project and account level. Staff has fine-tuned the budget numbers in response to Board comment and direction.

The proposed budget continues to support the District's initiative of providing the highest level of service at the lowest possible cost. As discussed during the workshops some of the major projects and themes of the 2018 budget include:

Major capital projects

- Don Pedro FERC relicense & project refurbishment
- Tenaya substation construction

Continued investment in reliability

- Substation communication upgrades/equipment replacements
- Relay/Transformer replacements
- Pipeline/Pump replacement

Investment in Technology

- Realignment of the Information Technology Division

Today staff is presenting summarized budget information and asking for approval of the 2018 Operation & Maintenance, Capital and Revenue budget. The summary of the proposed budgets are listed in the table below.

Expenditures	2018 Budget	Percent of total Budget
Power Supply	\$187.2	44%
Operation & Maintenance	\$127.0	30%
Debt Service	\$73.1	17%
Capital Expenditures	\$40.7	9%
<b>Total</b>	<b>\$428.0</b>	

All previous budget workshop discussions and preliminary budget documents can be viewed via the MID web site ([www.mid.org/about/board/agenda](http://www.mid.org/about/board/agenda)). The complete preliminary budget is also posted on the web site ([www.mid.org/about/budget](http://www.mid.org/about/budget)).

**Alternatives, Pros and Cons of Each Alternative:**

The District Bond documents require the adoption of a budget each calendar year.

**Concurrence:**

Finance

**Fiscal Impact:**

As proposed, with revenues estimated based on current rates, the expense budget and revenue budget are balanced. Staff will not be proposing an electric revenue increase based on the proposed 2018 budget.

**Recommendation:**

Adoption of the Modesto Irrigation District's 2018 O&M, Capital and Revenue budget

**Attachments:**

Supporting documents attached:


- Presentation
  Other supporting docs
  None attached

*Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.*

Details listed above are accurate and complete to the best of my knowledge.

<b>Presenter</b>

Jimi Netniss
11/6/17
Date Signed

<b>Asst. General Manager</b>

Scott Van Vuren
11/6/2017
Date Signed

<b>General Manager</b>

Greg Salyer
11/7/17
Date Signed



**RESOLUTION NO. 2010-38  
ADOPTING REVISED MODESTO IRRIGATION  
DISTRICT FINANCIAL POLICY**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve and direct staff to use the following financial policies in preparing future recommendations to the Board:

- Debt service coverage of 1.25
- 120 days of unrestricted reserves
- Electric rates at cost
- A<sub>2</sub>/A/A stable ratings

Moved by Director Van Groningen, seconded by Director Wild, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Van Groningen, Warda and Wild


Noes: Directors Hensley and Kidd

Absent: Directors None

The President declared the resolution adopted.

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I, Pat Mills, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the 30th day of March 2010.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

OFFICE OF THE BOARD OF DIRECTORS  
OF THE MODESTO IRRIGATION DISTRICT

Modesto, Stanislaus County, California  
July 23, 1974

The Board of Directors of the Modesto Irrigation District met pursuant to adjournment and there were present, Directors:

Richard E. Penney, President	H. L. Brooks, Secretary
Norton Coleman	Charles Viss, Asst. Chief Engineer
Mathew Fiscalini	
John E. Kidd	

QUORUM

On roll call a quorum being present, the Board was called to order by the President.

MINUTES

Minutes of the adjourned meeting of July 16, 1974, and the adjourned meeting of July 17, 1974, were read and approved.

LETTER AGREEMENT - PACIFIC GAS & ELECTRIC COMPANY, MODESTO IRRIGATION DISTRICT, TURLOCK IRRIGATION DISTRICT - 230 K.V. INTERTIE

BE IT RESOLVED, that the President of the Modesto Irrigation District is hereby authorized and directed to execute on behalf of the District that certain Letter Agreement, dated July 23, 1974, addressed to Mr. J. D. Worthington, Senior Vice President, Pacific Gas & Electric Company, regarding preliminary engineering for the 230 K.V. Intertie.

The foregoing resolution was introduced by Director Fiscalini, who moved its adoption, seconded by Director Kidd, and adopted unanimously by a vote of all Directors present.

DAMAGE CLAIM - PACIFIC TELEPHONE & TELEGRAPH COMPANY

Moved by Director Fiscalini, seconded by Director Coleman, that the District authorize payment of claim of \$2,366.75 for damages occurring on or about March 21, 1974, at approximately 260 feet East of Warren on McHenry Avenue. The Secretary is hereby authorized to deliver Revolving Fund check in the amount of \$2,366.75 to Pacific Telephone & Telegraph Company upon receipt of a release for any and all liabilities arising out of the above mentioned occurrence. Motion carried.

BRIDGE APPLICATION - NO. 74-1

Moved by Director Kidd, seconded by Director Fiscalini, that Bridge Application No. 74-1, dated July 18, 1974, by Jan deWitte and Guimar Lewis, be approved. Motion carried.

AUTHORIZE APPLICATION - CAVIL DRAIN FENCE VARIANCE

Moved by Director Coleman, seconded by Director Kidd, that the Irrigation Engineer is hereby authorized and directed on behalf of the Modesto Irrigation District to apply to the Board of Zoning Adjustments of the City of Modesto to locate six foot high fences along the Cavil Drain at Gordon Avenue and Athens Avenue at a six foot set-back from property line, instead of the required fifteen feet. Motion carried.

EMPLOYEE HANDBOOK WORKING CONDITIONS

Moved by Director Coleman, seconded by Director Kidd, that the Handbook of Employee Working Conditions be approved and the distribution to all employees is hereby ordered. Said Handbook is on file in the Office of the Secretary. Motion carried.

PURCHASING DEPARTMENT - PURCHASING MANUAL

Moved by Director Kidd, seconded by Director Fiscalini, that the Purchasing Department be established as a part of the Controller's Division, effective immediately, and that the Purchasing Manual be approved and adopted as a guide to the functions of said Department and reference is hereby made to a copy of said Manual on file in the Office of the Secretary. Motion carried.

TRANSCRIPT COST - ENVIRONMENTAL IMPACT REPORT - 230 K.V. INTERTIE

Moved by Director Fiscalini, seconded by Director Kidd, that a fee of \$5.00 per copy be established to defray the cost of preparing transcripts of the meeting of the Board of Directors on July 17, 1974, at which, certain action was taken regarding the 230 K.V. Intertie Project. Motion carried.

RESOLUTION - DON PEDRO RECREATION AGENCY

IT IS RESOLVED by the Board of Directors of the Modesto Irrigation District that Frank Watson, Recreation Superintendent, is hereby authorized to circularize the October, 1974, Prospectus and Lease Agreement for the proposed Marina Concession on the Jacksonville Road, Don Pedro Lake, calling for Bids to be accepted by the Turlock Irrigation District, at 333 East Canal Drive, Turlock, until 3:00 p.m., October 1, 1974, and then publicly opened.

The foregoing resolution was introduced by Director Kidd, who moved its adoption, seconded by Director Fiscalini, and adopted unanimously by a vote of all Directors present.

BOARD APPROVAL FOR PURCHASE OF MATERIAL - AUTHORIZATION NO. 1382

Moved by Director Fiscalini, seconded by Director Kidd, that approval be, and the same is hereby given for the purchase of material as listed in Authorization No. 1382, Items I, II, III, IV, V, VI, and VII. Motion carried.

CLAIMS

Moved by Director Coleman, seconded by Director Fiscalini, that warrants numbered 9476 to 9538 inclusive, dated July 23, 1974, in payment of claims in the amount of \$140,917.43, be approved. Motion carried.

ADJOURNMENT

Moved by Director Fiscalini, seconded by Director Coleman, that this meeting stand adjourned to Tuesday, July 30, 1974, at 10:00 a.m. Motion carried.

  
Secretary

OFFICE OF THE BOARD OF DIRECTORS  
OF THE MODESTO IRRIGATION DISTRICT

Modesto, Stanislaus County, California  
July 30, 1974

The Board of Directors of the Modesto Irrigation District met pursuant to adjournment and there were present, Directors:

Richard E. Penney, President  
Norton Coleman  
John E. Kidd

Joan Wishon, Assistant Secretary  
C. S. Viss, Assistant Chief Engineer

QUORUM

On roll call a quorum being present, the Board was called to order by the President.

**MID BOARD POLICY**

Category: <b>Governance Process</b>	Title: <b>Agenda Planning</b>
Date of Adoption:	Policy Number: <b>GP-4</b>
Related Action: March 9, 2021	Resolution No. 2021-15
Related Action: February 12, 2008	Resolution No. 2008-28

- a) The Board shall conduct its meetings pursuant to agendas established and provided to the public in accordance with applicable laws.
- b) Members of the Board, the General Manager, and his or her designees may place matters on Board agendas in accordance with policy and procedures adopted by the Board.
- c) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member during a Board meeting prior to the vote to approve the consent calendar.
- d) The General Manager shall regularly prepare, conferring with the Board President as necessary or appropriate, and issue an agenda for each meeting of the Board and of Board Committees.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION 2021-15  
REAFFIRMING MODESTO IRRIGATION DISTRICT'S POLICY  
AND PROCEDURES TO PLACE ITEMS ON A BOARD AGENDA**

WHEREAS, the Modesto Irrigation District Board of Directors approves and adopts policies to improve the performance and to meet MID's goals; and

WHEREAS, the General Manager follows the MID Board policies; and

WHEREAS, the General Manager is using the Monitoring report to outline compliance and to disclose the General Manager's interpretation of policy, GP-4, as attached hereto.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the General Manager's monitoring report with no changes to the existing Agenda Planning Process Policy, GP-4.

Moved by Director Gilman, seconded by Director Mensinger, that the foregoing resolution be adopted.

The following roll call vote was had:

Ayes: Directors Blom, Campbell, Gilman and Mensinger

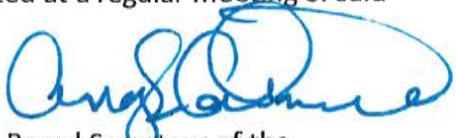
Noes: Director Byrd

Absent: Director None

The President declared the resolution adopted.

oOo

I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the ninth day of March 2021.



Board Secretary of the  
Modesto Irrigation District

**RESOLUTION NO. 2008-28**  
**APPROVING MODESTO IRRIGATION DISTRICT'S POLICY**  
**AND PROCEDURES TO PLACE ITEMS ON THE BOARD AGENDA**

WHEREAS, the Board of Directors directed the General Manager to implement a policy and procedures for placing items requested by members of the public and the Board of Directors, on the Board Agenda.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the Modesto Irrigation District's Policy and Procedures to Place Items on the Board Agenda.

Moved by Director Van Groningen, seconded by Director Kidd, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen and Warda

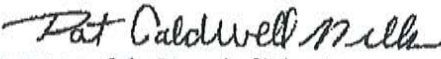
Noes: Director Serpa

Absent: Directors None

The President declared the resolution adopted.

oOo

I, Pat Caldwell Mills, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 12th day of February 2008.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

Board Meeting Date: 3/9/2021

<b>Subject:</b>	MID Board Monitoring Report – Agenda Planning GP-4
<b>Recommended Action:</b>	Approve Monitoring Report for MID Board of Directors’ Policy GP-4
<b>Background and Discussion:</b>	<p>The purpose of this agenda item is to provide a monitoring report for the Modesto Irrigation District (MID) Board of Directors’ Policy GP-4 Agenda Planning and a General Manager interpretation of the policy’s implementation. Attached is MID Board Policy GP-4 Agenda Planning for reference. Additional MID Board policies are located on MID’s web site:  <a href="https://www.mid.org/about/board/governance/documents/BoardGovernance.pdf">https://www.mid.org/about/board/governance/documents/BoardGovernance.pdf</a>. While the MID Board of Directors and General Manager (GM) are in compliance with Policy GP-4, the GM has made several changes to the agenda and presentation of agenda items:</p> <ol style="list-style-type: none"> <li>1. Generally, the agenda will now include “consent” items, “discussion” items, “reports” items, “action” items, and “closed session” items along with other agenda items required in the MID bylaws. This is a slight change to the way things have been done, i.e., changing “discussion and possible action” and “staff reports” items to simply “discussion” and “reports” items respectively.</li> <li>2. Regarding agenda items, MID Board Policy Agenda Planning GP-4 allows Directors and the GM to place items on the agenda. Agenda items requested by an individual Director – either at a Board meeting or outside a meeting – will be placed on the “action” portion of the agenda. The GM will strive to place the action agenda item requested by an individual Director on the next scheduled regular board meeting, subject to final agenda approval in consultation with the Board President [GP-4 (d)]. The GM (and his/her designee) will provide a brief report [per Board Policy BL-4 Unity of Control; giving the GM the obligation to refuse requests exceeding the one hour rule [a collective effort of less than one-hour of staff time (MID Resolution No. 2006-54)] or are disruptive (section BL-4 b)]. By agendizing the item in this way, the Board is prepared to take formal action if further information is requested by the Board. If an individual Director requests further information beyond the information that was provided or the Board chooses to request possible further information from the GM and does so by consensus (as opposed to formal motion approval action), the GM is allowed to determine the information to be provided and when, if ever, to provide the information.</li> </ol>



**Alternatives, Pros and Cons of Each Alternative:** N/A

**Concurrence:** N/A

**Fiscal Impact:** N/A

**Recommendation:** Approve Monitoring Report for MID Board of Directors' Policy GP-4

**Attachments:** Supporting documents attached:  
 Resolution    Presentation    Other supporting docs    None attached  
*Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.*

<b>Presenter</b>
Type Name
Date Signed

<b>Division Manager</b>
Type Name
Date Signed

<b>General Manager</b> <i>Wm Schwandt</i>
Bill Schwandt, P.E. MBA
03/03/2021
Date Signed

*(If Applicable)*

<b>General Counsel</b>
N/A
Wesley Miliband
Date Signed

**MID BOARD POLICY**

<b>MID BOARD POLICY</b>	
<b>Category: Board-Staff Linkage</b>	<b>Title: Unity of Control</b>
<b>Date of Adoption:</b>	<b>Policy Number: BL-4</b>
	<b>Resolution No.</b>

Only decisions of the Board acting as a body are binding on the General Manager and the General Counsel.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager or the General Counsel, except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager or the General Counsel must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.

Board members may communicate with MID employees or contractors, and will endeavor to advise the General Manager regarding such communications where substantive operational, contractual, regulatory compliance, or personnel matters are identified. However, the Board as a body and the Board members will refrain from giving direction to persons who report directly or indirectly to the General Manager, with the exception of the General Counsel.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**MID BOARD POLICY**

Category: <b>Governance Process</b>	Title: <b>Election of Board President and Vice President</b>
Date of Adoption:	Policy Number: <b>GP-5</b>
Related Action: December 13, 2022	Resolution No's: 2022-50 and 2022-51

The Board shall elect each year a president and vice president from its members to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in December.
- b) The president and vice president shall be elected upon a majority vote of Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.
- d) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- e) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.
- f) The president and/or vice president shall be recalled upon a vote of three Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION 2022-50  
APPOINTING THE 2023 PRESIDENT OF THE  
MODESTO IRRIGATION DISTRICT BOARD OF DIRECTORS**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby appoint Director Larry Byrd, as the 2023 President of the Board of Directors.

Moved by Director Frobose, seconded by Director Boer, that the foregoing resolution be adopted.

The following roll call vote was had:

Ayes: Directors Blom, Boer, Byrd, Frobose and Keating

Noes: Director None

Absent: Director None

President Byrd declared the resolution adopted.

oOo

I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the thirteenth day of December 2022.



Board Secretary of the  
Modesto Irrigation District

**RESOLUTION 2022-51  
APPOINTING THE 2023 VICE PRESIDENT OF THE  
MODESTO IRRIGATION DISTRICT BOARD OF DIRECTORS**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby appoint Director Nick Blom, as the 2023 Vice President of the Board of Directors.

Moved by Director Frobose, seconded by Director Boer, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Boer, Byrd, Frobose and Keating

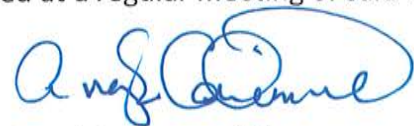
Noes: Director None

Absent: Director None

President Byrd declared the resolution adopted.

o0o

I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the thirteenth day of December 2022.



Board Secretary of the  
Modesto Irrigation District

## MID BOARD POLICY

Category: **Governance Process**

Title: **Role of the Board President**

Date of Adoption:

Policy Number: **GP-6**

Related Action:

Resolution No.

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board conducts business consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.
- b) The President shall preside over and facilitate Board meetings.
- c) The President shall ensure that meeting discussions focus on those issues which, according to Board policy, belong to the Board to decide.
- d) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- e) The President shall schedule and coordinate the annual process of evaluating the General Manager. Any Board action or determination regarding the General Manager's compensation shall be in conjunction with an evaluation.
- f) The President shall ensure that the Board's agendas meet the goals set by the Board.
- g) The President has no authority to supervise or direct the General Manager, apart from authority expressly granted him or her by the Board.
- h) Any responsibility of the Board that is not specifically assigned to another Board member is the responsibility of the Board President.
- i) The President may delegate his or her authority, but remains accountable for its use.

j) The President shall represent MID in forums such as presentations to financial rating agencies for issuance of bonds, legislative hearings, and before regulatory agencies.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**MID BOARD POLICY**

<p>Category: <b>Governance Process</b></p> <p>Date of Adoption:</p> <p>Related Action:     February 12, 2008</p> <p>Related Action:     April 10, 2007</p> <p>Related Action:     March 25, 1997</p> <p>Related Action:     February 18, 1992</p>	<p>Title: <b>Guidelines for Board Member Conduct</b></p> <p>Policy Number: <b>GP-7</b></p> <p>Resolution No.       2008-49</p> <p>Resolution No.       2007-94</p> <p>Resolution No.       97-44</p> <p>Resolution No.       92-29</p>
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- a) The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in MID. Specifically, Board members are expected to demonstrate loyalty to the MID owners and customers in a way that balances the interests of all three lines of business: Irrigation, Domestic Water and Electric. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization’s activities or otherwise.
- b) Board members shall thoroughly review each Board Agenda package and accompanying staff recommendations prior to the meeting to allow for focused and efficient discussion.
- c) The Board and its members shall at all times perform in accordance with applicable laws and MID’s Board Member Code of Conduct, the MID Code of Ethics, and such other codes and policies as the Board may adopt.
- d) The Board and its members shall at all times conform to applicable Employee Handbook sections and procedures.

**Monitoring Method: Board Report**  
**Frequency: Annual**



**RESOLUTION NO. 2008-49**  
**APPROVING THE MODESTO IRRIGATION DISTRICT'S**  
**BOARD MEMBER CODE OF CONDUCT**

WHEREAS, the Modesto Irrigation District Board Member Code of Conduct is intended to describe the manner in which Board members shall treat one another, District staff, ratepayers and others they come into contact with representing the District.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the Modesto Irrigation District Board Member Code of Conduct as attached hereto.

Moved by Director Kidd, seconded by Director Van Groningen, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen and Warda

Noes: Directors None

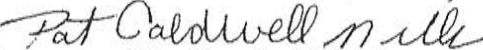
Absent: Directors None

Abstain: Director Serpa

The President declared the resolution adopted.

o0o

I, Pat Caldwell Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the 18<sup>th</sup> day of March 2008.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

**MODESTO IRRIGATION DISTRICT**  
**BOARD MEMBER CODE OF CONDUCT**

This Code of Conduct is intended to describe the manner in which Board members shall treat one another, District staff, ratepayers, and others they come into contact with in representing the District. The theme of the Code of Conduct is "respect." Board members experience huge workloads and tremendous stress in making decisions that could impact thousands of lives. Despite these pressures, Board members are called upon to exhibit appropriate behavior at all times. Demonstrative respect for each individual through words and actions is the touchstone that can help guide Board members in doing the right thing, even in the most difficult situations.

1. Board members shall bring their talents, time, and commitment to furthering the organization's mission and goals. Board members shall demonstrate loyalty to the interests of the District owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
  - a. Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a government entity) from whom the former Board member is receiving compensation, on any matter that the former Board members substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or ratepayer and for which the Board members receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.
  - b. Board members shall disclose any investments and positions of authority held in a business for which disclosure is required under the Political Reform Act.
  - c. Board members shall not solicit any type of political support from District employees, at the workplace, or by using the MID employee directory, or the MID email, or email list. District employees, in their capacity as private citizens, with constitutional rights, may support political candidates running for an MID Board seat. This includes but is not limited to financial contributions, precinct walking, posters, support list and lawn signs.
2. Board members shall conduct themselves in accordance with the highest standards of civility, decorum, integrity, and respect at all times with one another,

with staff, media, and with members of the public.

- a. Board members shall, with the utmost care, avoid any appearance of impropriety to ensure and maintain public confidence in the District.
  - b. Board members shall not engage in or condone any form of harassment or discrimination.
  - c. Board members shall conduct themselves in accordance with all laws and all of the District's bylaws and policies. As also required by law, Board members shall respect the confidentiality appropriate to issues regarding personnel, real estate transactions, proprietary matters, and attorney-client privileged communications.
3. Board members shall not attempt to exercise individual authority over the organization or staff except as explicitly set forth in Board policies.
- a. Board members shall recognize the lack of authority vested in them as individuals in their interactions with the General Manager or with staff, except where explicitly authorized by the Board.
  - b. In their interactions with the public, press, and other entities, Board members shall recognize the same limitation of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.
  - c. Routine secretarial support will be provided to all Board members. Requests for additional staff support will be made to the General Manager.
  - d. The Board and individual Directors are discouraged from dealing directly with any employee except as provided for in this Code of Conduct.
4. Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to the District, to the District's owners and customers, or to other Board members and staff.
- a. Each member of the Board shall support the legitimacy and authority of the decisions of the Board concerning any matter, irrespective of the member's personal position.
  - b. Board members may publicly criticize the decisions of the District so long as they make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the General Manager in advance when they plan to speak publicly

in opposition to District decisions and policies.

5. The General Manager shall implement policies approved by the Board.
  - a. The Board shall establish policies and determine whether the General Manager is implementing policies. The Board is not responsible for the day to day management or operations of the District.
  - b. The Board and individual Directors may question the General Manager with respect to the development and implementation of District policy. The Board, but not the individual Directors, may direct the General Manager with respect to the development and implementation of District policy.
  - c. The General Manager shall recommend policy to the Board.
  - d. The General Manager is the chief executive officer of the District. The General Manager shall report directly to the Board. The General Manager shall have full charge and control of the affairs of the District consistent with the policies established by the Board.
  - e. The General Manager shall plan facilities adequately to meet the needs of the District.
  - f. The General Manager shall supervise the operation and maintenance of facilities.
  - g. The General Manager shall administer personnel and implement policies approved by the Board.
  - h. If an emergency arises and there is insufficient time to notify the Board, the General Manager may take appropriate and reasonable action otherwise within the Board's jurisdiction. The General Manager shall report such action to the Board as soon as convenient.
6. Members of the Board who intentionally and repeatedly do not follow proper conduct may be reprimanded or formally censured by the Board, lose seniority or committee assignments, or have official travel restricted. Serious infractions of the Code of Conduct may lead to other sanctions as deemed appropriate by the Board.
  - a. Board members should point out the offending infractions. If offenses continue, then the matter should be referred to the Board Chair. If the Board Chair is the individual whose actions are being challenged, then the matter shall be referred to the Vice Chair.

- b. The Board Chair shall initiate action if a Board member's behavior may warrant sanction. If the Board Chair takes no action, the alleged violation(s) may be brought up with the full Board in a public meeting.
- c. If a violation(s) of the Code of Conduct is outside of the observed behaviors by the Board Chair or Members, the alleged violation(s) should be referred to the Board Chair. The Board Chair should ask the General Manager and/or Chief Counsel to investigate the allegation and report the findings to the Board Chair. It is the Board Chair's responsibility to take the next appropriate action. These actions can include, but are not limited to, discussion and counseling of the individual, recommending sanction to the full Board to consider in a public meeting, and forming a Board ad hoc subcommittee to review the allegation(s), the investigation and findings, and recommend sanction options for Board consideration. Board ad hoc subcommittee hearings shall be videotaped.

**RESOLUTION NO. 2007-94  
DIRECTING STAFF TO REMOVE ALL BOARD MEMBERS  
FROM THE LIST OF AFTER HOURS ACCESS INTO  
THE MID DOWNTOWN OFFICE BUILDING**

RESOLVED, That the Board of Directors of the Modesto Irrigation District direct staff to remove all Board members from the list of after-hours access into the MID downtown office building.

Moved by Director Van Groningen, seconded by Director Warda, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen and Warda

Noes: Director Serpa

Absent: Directors None

The President declared the resolution adopted.

o0o

I, Pat Caldwell Mills, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted at a regular meeting of said Board of Directors held the 10th day of April 2007.

*Pat Caldwell Mills*

Secretary of the Board of Directors  
of the Modesto Irrigation District

RESOLUTION NO. 97-44  
APPROVAL OF MODESTO IRRIGATION DISTRICT CODE OF ETHICS

BE IT RESOLVED, That the Board of Directors does hereby approve the Modesto Irrigation District Code of Ethics policy for inclusion in the Employee Handbook as follows:

**POLICY:** The Modesto Irrigation District, its directors and employees have a responsibility and obligation to the public and each other to conduct all business-related activities in accordance with the highest standards of the public trust and the mission and vision statements adopted by the Board of Directors.

**GUIDELINES:** The following guidelines exemplify the moral conduct, ethical behavior and the District core values expected of every employee and director of the District, and provide a basis for all business-related decisions and actions:

- Comply with all the state and federal laws and District policies and to promote sound ethical practices in the conduct of District business.
- Demonstrate high standards of personal integrity, truthfulness and honesty in dealings with the public and employees and all District-related activities.
- Promote the public interest through all actions and applications of public duties.
- Encourage other District employees to develop and enhance their skills and treat each other with respect and courtesy despite position or relationship.
- Disclose all potential conflicts of interest and, where appropriate, provide this information in an annual disclosure statement.
- Use confidential information received in the performance of duties appropriately and not for personal profit or benefit.
- Engage in no outside employment or personal activities which conflict with District employment or provide financial gain at the District's expense.

- Avoid using a District position to influence a District decision in which a personal benefit can be derived.
- No employee or family member shall accept inappropriate gifts from anyone doing or seeking to do business with the District, including any gift or aggregate of gifts with a value in excess of \$50 (unless approved in advance), and any gift which itself or because of the circumstances in which it is received is contrary to the core values of the District.
- No employee shall use District facilities, property and/or equipment for personal benefit.

Moved by Director Billington, seconded by Director Kidd, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Billington, Kidd and Warda


Noes: Directors None

Absent: Directors Hensley and Van Groningen

The President declared the resolution adopted.

o0o

I, Vickie Ehrler, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held on the 25th day of March, 1997.



Secretary of the Board of Directors  
of the Modesto Irrigation District





## BOARD AGENDA REPORT

Meeting Date: March 25, 1997  
Item No.:

---

**SUBJECT:** District Ethics Policy for Inclusion in Employee Handbook

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**RECOMMENDED ACTION:** Approve Code of Ethics to be included in Employee Handbook

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### **BACKGROUND AND DISCUSSION:**

In the fall of 1996 a committee of volunteer employees was formed from a cross section of the organization. The task of this committee was to develop a draft code of ethics for all employees and Directors to adhere to as a guide in conducting business at the District. The committee consisted of: Paul Wilson, Mary Mount, Maree Hawkins, Lauren Hamlin and John Gronholt.

The committee reviewed several ethics policies from other organizations and comments from employees for input. A completed draft was finalized in December 1996 (attached) for consideration and adoption by the Board of Directors. This code will be distributed to all employees through the Employee Handbook.



# BOARD AGENDA REPORT

**ALTERNATIVES/PROS AND CONS OF EACH ALTERNATIVE:**

NOT IMPLEMENT CODE - this would have employees carry out activities under their own sense of ethical behavior without guidelines. Certain aspects of conduct have been spelled out in other forms (conflict of interest statements) as well as policies which cover ethical behavior.

**CONCURRENCES:**

The draft code of ethics has been reviewed by legal and the General Manager

**FISCAL IMPACT:**

None

**RECOMMENDATION:**

Approve the Code of Ethics for distribution to all employees and Directors through the Employee Handbook.

**ATTACHMENTS:**

Draft Code of Ethics

Committee Recommendation:  Yes  No Committee: \_\_\_\_\_

Description: \_\_\_\_\_ Date: \_\_\_\_\_

Presenter      Assistant General Manager      General Manager      Legal Review Obtained

*J. Frank*

*Allen*

RESOLUTION NO. 92-29

ADOPTING THE MODESTO IRRIGATION DISTRICT POLICY  
RELATING TO EMPLOYEE/DIRECTOR CONFLICTS

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby adopt the Modesto Irrigation District Policy Relating to Employee/Director Conflicts to assist Board members in governing themselves when an employee also functions as a Director. The Policy relates to the following areas: compensation; use of a District vehicle; conflicts of interest; impacts on the employee's work duties; accommodations; relationships with supervisors; union activities; and enforcement in the employee context. Reference is hereby made to said Policy for full facts and circumstances as on file in the office of the Secretary.

Moved by Director Hettinga, seconded by Director Hensley, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Directors Cowan, Billington, Hensley, Hettinga, Lyons

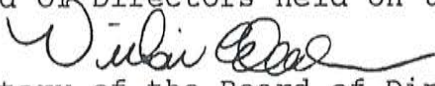
Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Vickie Ehrler, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true, and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held on the 18th day of February, 1992.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

## POLICY RELATING TO EMPLOYEE/DIRECTOR CONFLICTS

As a general rule, it should be noted that most conflicts can be avoided by ascertaining in the first instance whether the individual is functioning as a director or an employee. For the most part, the employee will be acting as such during normal working hours, or while being compensated for his or her assigned duties. At such times, since the employee is being compensated with public funds for performing his or her job duties, the employee should be devoting full attention to such duties. However, in off-duty hours, the employee is free to pursue other activities, including those of director. By drawing a line of demarcation between employee and director roles, the duties the individual should be performing may be more clear.

### 1. Compensation.

An employee/director may receive compensation for both positions, provided that the individual serves as a director during the employee's "own" time. Thus, if the employee uses vacation time, CTO or unpaid leave, the employee would be eligible for director pay.

Whether an employee is given time away from the job during normal working hours is subject to the provisions of the MOU and Employee Handbook. Generally, those provisions allow an employee to take time based on the departmental workload and at the discretion of the supervisor.

### 2. Use of a District Vehicle.

According to the Employee Handbook provisions relating to use of District vehicles, employees are to use District vehicles only in the performance of their specific job duties. Therefore, if the duties one performs are not associated with the job for which the vehicle was assigned, it is not appropriate that the employee use a District vehicle. This would mean that an employee assigned a District vehicle may not use it under any conditions that are not related specifically to the duties for which the vehicle was assigned. Thus, use of an employee's assigned vehicle for the performance of director duties would not be proper.

### 3. Conflicts of Interest.

It is axiomatic that one should not put himself or herself in a position where the individual serves two masters. California law has embodied that principle both in its common law and in statutory enactments. The purpose of those statutes is to insure that public officers in the discharge of their responsibilities are absolutely free from any influence other than that which flows directly out of their obligations to the

public at large. Additionally, in dealing with conflicts issues, it is important to remember that under California law, the statutes are intended to avoid not only situations of impropriety, but the appearance of impropriety as well. Having that in mind, the following are examples of potential conflicts of interest which may arise, along with a suggested resolution.

a. An employee/director should not take part in the budget process. The conflict in that situation arises out of the employee/director's power to allocate resources among the various departments.

b. An employee/director should not take part in collective bargaining matters which affect the employee/director's own wages, hours, and working conditions.

c. An employee/director who is a member of a union should not take part in labor matters involving that union (including grievances). An employee/director may take part in grievances involving unaffiliated employees and unions other than his or her own, provided that the grievance has no possibility of affecting members of his or her own union. For example, if the subject of the grievance is a letter of reprimand issued to an employee affiliated with AFSCME, and the sole issue is the propriety of the discipline, an employee/director affiliated with IBEW may, absent other considerations, participate in the process. However, if the grievance is the denial of a promotion where one competing candidate was an IBEW member and the other a member of AFSCME, the employee/director should not participate.

d. An employee/director may transfer from one job to another pursuant to the provisions of the Employee Handbook, provided that the Board takes no part in the transfer process, and the process is not one in which the Board has historically been involved.

e. An employee/director should not participate in decisions affecting his own supervisor, or decisions which will affect his own department.

f. An employee/director should not participate in decisions relating to increases or decreases in work force.

g. The issue of whether or not an employee/director may participate in decisions relating to the modification of the Retirement Plan depends on the issue before the Board. If the matter before the Board affects one director more favorably than another, that director should not participate in the decision. This analysis, however, is not affected by a director's status as employee; rather, it is equally applicable to all directors.

The Board also asked who determines whether a conflict has arisen, and who is responsible for enforcement. Clearly, each director must make the ultimate decision as to whether or not a

particular issue presents a conflict of interest such that the director should not participate in a decision. However, staff should be alert to situations where conflicts may arise, and be willing to so advise directors. As to enforcement, it is neither the Board's nor staff's function to enforce conflict of interest laws. In the event that a director participates in decisions in which there is a conflict, several avenues of redress exist. Speaking generally, the Fair Political Practices Commission has jurisdiction over those conflicts which arise because a director has voted on a matter in which the director has a material financial interest. In other conflict of interest situations, jurisdiction will lie with the District Attorney in either a civil or criminal role. Again, the District itself does not have a formal role. Ultimately, the actions of a director are subject to approval/disapproval of his or her constituents as expressed in the voting booth.

#### 4. Impacts on the Employee's Work Duties.

Every employee is expected to complete and fulfill all requirements of the job on a regular and sustained basis. The degree to which the employee meets this standard is judged by performance reviews, which lead to merit raises and, perhaps, promotions. One of the measurements of employee performance is productivity. If absences from the workplace affect performance, the impact should show up in the performance review or, in the case of a particularly severe or prolonged problem, in disciplinary action. It is also important to note that in the context of evaluating job performance, the reason for absences is not material. The District's rate payers expect that the District's employees will perform efficiently, and that time off will be scheduled and taken in a way that does not disrupt the District's operations.

This discussion regarding treatment of an employee who is frequently absent from his work assignment in order to fulfill Board duties is perhaps more clear when the dual role is examined in another setting. If a District employee were elected to the County Board of Supervisors, for example, the employee would experience the same kind of scheduling conflicts, since most of the County Board's meetings take place during the District's work day. Even though public service is laudable, the employee's first loyalty should be to the District. Frequent absences, especially those which affect the ability of crews to perform in their regular and efficient manner, undoubtedly affect performance. The impact should be measured in the performance review. The same would be true if the employee attempted to perform charitable work two days per month. Even though the employee could schedule sufficient CTO, vacation and unpaid leave to perform the charitable work, the impact on the District's operations would very well result in a downgrading of the employee's performance. This is not to say that District employees should not be encouraged to perform community service.

It merely suggests that employees may be forced to make a choice between community service and career opportunities if the community service conflicts with the employees job.

5. Accommodations.

As a general rule, nothing in state law or District procedures requires the District to alter its operations in order to accommodate an employee who also serves on the District's Board of Directors. In fact, because of the potential for complaints of favoritism, it would be well for the employee/director not to seek special treatment.

6. Relationships with Supervisors.

The relationship between the employee/director and his or her supervisors should be no different that would be the case with any other employee. The immediate supervisor should continue to assign work, schedule employee time, grant time off, review performance, and discipline the employee/director just as the supervisor would with any other employee. The means for doing so is spelled out in the MOU and the Employee Handbook.

7. Union Activities.

As long as the director remains an employee, he or she shall have the right to join and participate in the activities of employee organizations of their own choosing. While the District's management and confidential employees are permitted to be members of an employee organization, they are not permitted to represent an employee organization on matters within the scope of representation. Thus, an employee who also holds a management or confidential position is not permitted to hold a representative position with an employee organization. To be able to do both would cast the employee/director in a dual role in which conflicts of interest would be inherent.

8. Enforcement in the Employee Context.

The responsibility for determining whether an employee is adequately performing his or her job duties lies with the employee's immediate supervisor. This is the case whether or not the employee may also be a director. This responsibility is carried out in the form of performance reviews and disciplinary action. The supervisor's duties and responsibilities are set forth in the MOU, the Employee Handbook, and have been established by the District's past practices.

## MID BOARD POLICY

Category: **Governance Process**

Title: **Committees**

Date of Adoption:

Policy Number: **GP-8**

Related Action: January 10, 2023

Resolution No. 2023-02

The Board may establish standing committees and ad hoc committees based on need and input from the Board members. Standing committees shall assist the Board in its ongoing work and activities. Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board and shall report back at a publicly noticed Board or standing committee meeting on its activities. The Board may also appoint members, and alternates, to represent the District on standing committees established by Joint Powers Agencies and other organizations of which the District is a member.

Each committee may be composed of two or more Board members and shall include designation of a chair and a clear statement of purpose. Committees with more than two Board members shall provide public notice of their meetings.

Specifically:

- a) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- b) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue. Committees that do not meet at least once every six months, shall be deemed to be disbanded.
- c) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.

**Monitoring Method: Board Report**

**Frequency: Annual**



**RESOLUTION 2023-02  
APPROVING MODESTO IRRIGATION DISTRICT  
2023 COMMITTEE APPOINTMENTS**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the following 2023 Committee Appointments:

**Domestic Water Policy Committee**

<b>Committee:</b>		<b>Staff:</b>
N. Blom	•	J. Foster
R. Frobose	•	

**Don Pedro Board of Control**

J. Keating	•	Delegate
J. Franco	•	1st Alternate

**Don Pedro Houseboat Appeals Board**

J. Keating	•	Representative
J. Franco	•	Alternate

**Modesto Irrigation District Financing Authority (MIDFA)**

L. Byrd	•	Chairman
N. Blom	•	Vice-Chairman
J. Boer		
R. Frobose		
J. Keating		

**Modesto-Santa Clara-Redding Public Power Agency (M-S-R)**

J. McFall	•	Commissioner
M. Caballero	•	1st Alternate

**Modesto-Santa Clara-Redding Energy Authority (M-S-R)**

J. McFall	•	Commissioner
M. Caballero	•	1st Alternate

**Transmission Agency of Northern California (TANC)**

J. McFall	•	Commissioner
M. Caballero	•	1st Alternate

### MID Retirement Committee

**Committee:**

N. Blom	•	Chairman
J. Boer	•	Board Member
E. Franciosa		General Manager
J. Netniss		Financial Officer
I. Perrone		Human Resource Manager
W. Miliband		General Counsel
T. Kara		USM
C. Gamez		ATC
J. Stillwell		P&S
M. Caballero		MIDEA

### Modesto Irrigation District Audit Committee

**Committee:**

L. Byrd	•	Chairman
N. Blom	•	Vice Chair
J. Boer		
R. Frobose		
J. Keating		

### San Joaquin Tributaries Authority (SJTA)

R. Frobose	•	Commissioner
L. Byrd	•	1st Alternate

### Balancing Authority of Northern California (BANC) Joint Powers Agency

J. McFall	•	Commissioner
M. Caballero	•	1st Alternate

### Water Committee

L. Byrd  
R. Frobose  
G. Enas  
E. Franciosa

Moved by Director Frobose, seconded by Vice President Blom, that the foregoing resolution be adopted.

The following roll call vote was had:

Ayes: Directors Blom, Boer, Byrd, Frobose and Keating

Noes: Director None

Absent: Director None

President Byrd declared the resolution adopted.

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I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the tenth day of January 2023.

A handwritten signature in blue ink, appearing to read "Angela Cartisano", is written over the printed name.

Board Secretary of the  
Modesto Irrigation District

**MID BOARD POLICY**

Category: <b>Governance Process</b>	Title: <b>Board Training, Orientation</b>
Date of Adoption:	Policy Number: <b>GP-9</b>
Related Action:	Resolution No.

Because poor governance costs more than learning to govern well, the Board will invest in training, development and orientation to assure excellence in governance.

Specifically:

- a) At least every two years, Board members shall receive training on laws related to ethics, conflict of interest requirements, government transparency, open government, and fair government processes. Training shall be made available annually.
- b) New Board members shall receive an orientation in MID's Governance Policies.
- c) Board members shall be offered and encouraged to receive regular training with respect to understanding trends and developments in public power and the energy industry.
- d) Board members shall seek training as necessary to ensure they maintain effective governance, communication and decision-making skills.
- e) The Board President and Board committee chairs shall be offered and encouraged to receive training in the facilitation of meetings.

**Monitoring Method: Board Report**  
**Frequency: Annual**

## MID BOARD POLICY

Category: <b>Governance Process</b>	<b>Board Review of Internal Records</b>
Date of Adoption:	Policy Number: <b>GP-10</b>
Related Action: November 6, 2012	Resolution No. Motion Rescinding-2006-54
Related Action: March 14, 2006	Resolution No. 2006-54

Board members may review records of MID, so long as confidentiality requirements are followed. The intent of this policy is to provide full access and transparency for Board members to MID internal records, while respecting confidentiality obligations, laws, and regulations, to assist the Board in carrying out its duties. Since MID has over 120 years worth of records, and high speed, easier access to records has only been available for about 10 years, staff and the Board must also strike balance between availability and maintaining day to day operations for direct services to customers.

Specifically:

- a) Board member requests to inspect MID records shall be forwarded to the Board Secretary in accordance with procedures established by the Board and may be available for review on MID premises.
- b) No confidential or original documents shall be taken from MID premises.
- c) Board members shall follow the same confidentiality requirements applicable to MID employees dealing with such files. MID employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**OFFICE OF THE BOARD OF DIRECTORS  
OF THE MODESTO IRRIGATION DISTRICT**

1231 Eleventh Street  
Modesto, California  
November 6, 2012  
9:00 a.m.

The meeting of the Board of Directors of the Modesto Irrigation District was called to order, in special session, on the sixth day of November 2012. Present were: Directors Tom Van Groningen, President, Glen Wild, Vice President, Nick Blom, Larry Byrd and Paul Warda; General Manager, Allen Short; and Secretary, Pat Mills.

**QUORUM**

Upon roll call a quorum being present, the President called the meeting to order.

**CONSENT AGENDA**

President Van Groningen spoke regarding two items added to the warrant payment register for Martino Graphic Design that had been previously removed. He explained that the first invoice is a stand alone \$3,000 payment to Carol Whiteside paid through Martino Graphic, and the second invoice is for \$8,981.79, that includes another \$3,000 payment to Carol Whiteside, again through Martino Graphic, with the balance of the work done on canal safety, community services and the like, in the amount of \$5,981.79. President Van Groningen noted there is no additional information other than the payments to Carol Whiteside were for professional services that she had provided in conjunction with her work with and for the Board.

Director Blom spoke of being unaware of anything more than the workshop presented by her in January and requested a further explanation of the professional services and questioned if there was Board approval for the additional work that was done.

President Van Groningen provided a more extensive explanation of the services provided and noted it was budgeted in the prior year for 2012 and was an ongoing process and will be charged to an account identified as outside services.

Directors Byrd and Warda commented on meeting with Carol Whiteside and being unaware that having breakfast with her at her request would be at a cost to the District.

Director Wild spoke of his awareness of the cost to the District for services by Carol Whiteside and meeting with her on four occasions and not expecting her to provide advice, information and input for nothing.

The discussion continued regarding the full Board's knowledge that there would be a cost associated with meetings with Carol Whiteside; spending ratepayer money on the unknown; and the need for unity and transparency on the Board.

#### **FAILED MOTION**

Director Byrd moved that warrants numbered 95994 and 96133 to Martino Graphic, be removed from the warrant payment approval.

President Van Groningen stated that if we're not going to pay for the professional services then he's going to suggest that an audit be conducted at whatever cost is necessary to ensure that we are not subsequently sued for non-payment of services that were rendered.

Director Blom suggested that to keep the cost down, the audit be limited to just Martino Graphic.

The discussion continued amongst the Board regarding this matter.

Director Byrd also requested an explanation of warrant number 96757. Lou Hampel, Assistant General Manager Finance and Treasurer, provided a response.

The motion failed for lack of a second.

#### **MOTION**

Moved by Director Wild, seconded by Director Warda, that the Consent Agenda, be approved. The motion remained on the floor.

Public Comment: Emerson Drake, Modesto resident, provided comments and cited concerns with monies paid by the District to Carol Whiteside; and questioned an additional \$9,000 payment. President Van Groningen provided a response.

## **WARRANTS**

Moved by Director Wild, seconded by Director Warda, that warrants numbered 96731 to 96857, inclusive, in addition to warrants numbered 95994 and 96133 in the amount of \$488,533.19, be approved. The President declared the motion carried by a vote of all Directors present with the exception of Director Byrd who voted no.

### **RESOLUTION NO. 2012-72**

#### **ACCEPTING GRANT OF EASEMENT FROM JOSEPH R. SOUZA AND ZELMA P. SOUZA, TRUSTEES OF THE JOSEPH R. SOUZA AND ZELMA P. SOUZA TRUST UNDER INSTRUMENT DATED JULY 3, 2002**

BE IT RESOLVED, that the Board of Directors of the Modesto Irrigation District does hereby accept, on behalf of the District, that certain Grant of Easement, dated June 27, 2012 from Joseph R. Souza and Zelma P. Souza, Trustees of the Joseph R. Souza and Zelma P. Souza Trust under instrument dated July 3, 2002, to Modesto Irrigation District, for a 10.00 foot-wide strip of land described in the Quitclaim Deed filed for record as Document No. 2002-0087016 of Official Records, Stanislaus County Records, situate in the Northeast quarter of Section 12, Township 3 South, Range 9 East, Mount Diablo Base and Meridian, County of Stanislaus, to which is more particularly described in said Grant of Easement and to which reference is hereby made for full particulars.

Moved by Director Wild, seconded by Director Warda, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Van Groningen, Warda and Wild

Noes: Director Byrd

Absent: Directors None

The President declared the resolution adopted.

### **PUBLIC INPUT FOR THE GOOD OF THE DISTRICT**

Emerson Drake cited his concerns with Resolution No. 2010-35; a non-existing contract with Martino Graphic and purchase order 54981; and expenditures of \$127,000.

Vance Kennedy commented on considerable publicity regarding the so called subsidy that the electric ratepayers have to the farmers; and his research of over a twelve-year period on the value of groundwater that was provided to the city.



Carmen Sabatino commented on the cost of an audit and limiting it; giving up power and authority; payments to George Petrulakis; the use of taxpayer's money; and suggested that an audit be done.

### **WATER REPORT**

Dave Bakker, Associate Engineer, presented the Water Report. Bakker reported that irrigation season concluded as of October 22 and maintenance is in progress throughout the District. Bakker said we have had a very dry fall and see very little water coming in on the inflow. Bakker noted that Hetch Hetchy is currently at 64 percent capacity and Don Pedro's current storage is at 750.54.

### **UPDATE ON MOUNTAIN HOUSE**

Allen Short provided an overview Mountain House and what lead the District to begin providing service to that area. He indicated our investments began in the late 1990's and through 2011 we've spent about \$28,982,464 and we'll be on the positive side in 2015. Short also discussed the Four Cities area being very positive early and the major reason and rationale was that we had a number of the large customers that were able to pay off the requirements. Short noted we've been making money in the Four Cities area that contribute to debt reduction, spreading our overall cost over a broader range of customer base and ultimately affecting the rates as well.

Lou Hampel, Assistant General Manager Finance and Treasurer, presented a financial summary of Mountain House. Hampel said the service area wanted all the facilities underground and those costs are being paid through a 6.5 percent surcharge on customer's bills that will remain until all those costs are recouped. Hampel noted the net present value of this project is \$20.2 million which is used to pay debt for the rest of the customers.

A discussion ensued amongst the Board which included questions regarding the life expectancy of the material used underground; a proposed 2013 budget item for an alternate feeder line going to Mountain House and reconsidering this project to be put on hold; and the number of residential customers.

Public Comment: The following provided comments and cited concerns regarding the report on Mountain House: Emerson Drake, Carmen Sabatino, and Mike Serpa, Modesto resident.

## RECESS/RECONVENE

At 10:38 a.m., the Board of Directors recessed the meeting; it reconvened at 10:45 a.m.

### **DISCUSSION AND POSSIBLE ACTION REGARDING MODESTO IRRIGATION DISTRICT'S RESOLUTION NO. 2006-54, AUTHORIZING THE GENERAL MANAGER TO RESPOND TO REQUESTS BY INDIVIDUAL DIRECTORS AND OTHER MEMBERS OF THE PUBLIC FOR ACCESS TO OR PROVISION OF DISTRICT INFORMATION AND INFORMATION SYSTEMS**

Director Byrd stated that with regard to Resolution No. 2006-54, he does not believe that as a Board they should be limited to contact staff without going through the general manager to do so and that it does not give the Board a chance to communicate and have open transparency with top management.

A motion was placed on the floor by Director Byrd to rescind Resolution No. 2006-54.

Director Wild questioned what the resolution would be replaced with and expressed his concern that any information provided would not be shared with the full Board and that there has to be some sort of chain of command to request information.

Director Van Groningen questioned if there would be a reason to bypass the organizational structure and general manager and if the general manager is the chief executive officer to carry out the policies and the decisions of the Board and expressed his concern if there is no communication system in place.

Director Blom expressed his opinion that a Board member should be able to discuss something with staff that isn't a policy related issue. Director Blom stated that if there is a policy issue then by all means we should be going to the general manager.

Director Warda stated he believes that we should leave it up to the Directors and if he wants to go directly to an assistant general manager, then he should be able to do so.

The discussion continued amongst the Board regarding this issue.

### **MOTION**

Director Byrd restated his motion to rescind Resolution No. 2006-54 and if an issue arises, the Board will revisit this in the future. Director Blom seconded the motion. The motion remained on the floor.

President Van Groningen suggested that a replacement communication system be in place before a problem is created and then having to address the problem.

Director Wild suggested to table this issue at the moment and to re-write a policy that would be acceptable to everyone.

Public Comment:

The following provided comments on the proposed action regarding Resolution No. 2006-54: Carmen Sabatino, Noe Paramo, Modesto resident, Emerson Drake and Les Johnson, Modesto resident.

The following vote was had:

Ayes: Directors Blom, Byrd and Warda  
 Noes: Directors Van Groningen and Wild  
 Absent: Directors None

The President declared the motion carried.

#### **DISCUSSION AND POSSIBLE ACTION REGARDING THE MODESTO IRRIGATION DISTRICT'S BOARD SECRETARY POSITION**

Director Byrd discussed the MID Organizational Chart reflecting the Board Secretary and the dotted line to the General Manager and suggested that it be removed.

A discussion ensued amongst the Board regarding this matter.

#### **MOTION**

Moved by Director Byrd, seconded by Director Blom, that the dotted line between the Board Secretary and the General Manager as reflected on the MID Organizational Chart, be removed. The President declared the motion carried by a vote of all Directors present.

#### **DISCUSSION AND POSSIBLE ACTION REGARDING THE MODESTO IRRIGATION DISTRICT'S RECORDS RETENTION POLICY**

General Manager, Allen Short, stated the Board has indicated they want the ability to retain the Board meeting DVD's for an extended period of time and to place them on the District's website. Short discussed MID's current Records Retention Policy which provides a specific timeframe for materials to be kept and or ultimately destroyed and the legal concerns with keeping them longer.

Director Wild questioned if the District currently has the capability to post the DVD's on our website. Bruce Rankin, Information Technology Manager, responded it is currently a software issue, but an upgrade for the Board Room equipment is reflected in the proposed 2013 budget and we can take a look at it.

#### **MOTION**

Moved by Director Wild, seconded by Director Blom, to conduct a study for a potential upgrade to the Board Room equipment and retain the Board meeting DVD's indefinitely. The motion remained on the floor.

Public Comment: Emerson Drake thanked the Board for their decision to retain the DVD's indefinitely.

The President declared the motion carried by a vote of all Directors present.

#### **DISCUSSION AND POSSIBLE ACTION REGARDING THE MODESTO IRRIGATION DISTRICT'S WATER ADVISORY COMMITTEE STRUCTURE, IMPLEMENTATION AND OPERATION**

President Van Groningen commented on revisions made to the proposed charge of the Water Advisory Committee and said the only other issue would be the matter of completion of the project and requested the Board's preference.

Director Wild suggested that the date be modified to May 31, 2013 for the committee's submittal of their recommendations to the Board.

Public Comment: Tom Orvis of the Stanislaus County Farm Bureau, questioned if there is a date certain to submit their nominee to the committee.

#### **MOTION**

Moved by Director Wild, seconded by Director Warda, to approve the charge as modified to the date of May 31, 2013 and that appointments to the Water Advisory Committee are to be made by November 13, 2012. The President declared the motion carried by a vote of all Directors present.

### **ITEMS TOO LATE FOR THE AGENDA**

There were none.


### **FUTURE BOARD MEETINGS**

The President set the next meetings for November 13 and 27, and December 18, 2012.

After a discussion, the consensus of the Board agreed to place the following items on the next agenda for discussion and possible action regarding: the Interim General Manager; the City of Escalon's request to renegotiate their Permission Agreement; and the District's property located at 985 Reservoir Road in Waterford, CA.

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:58 a.m.

  
Secretary

**RESOLUTION NO. 2006-54**  
**AUTHORIZING THE GENERAL MANAGER TO RESPOND TO REQUESTS BY INDIVIDUAL DIRECTORS AND OTHER MEMBERS OF THE PUBLIC FOR ACCESS TO OR PROVISION OF DISTRICT INFORMATION AND INFORMATION SYSTEMS**

WHEREAS, in exercising the power and duty granted to it by Water Code Section 21385 "to manage and conduct the business and affairs of the district the Board of Directors must utilize the limited resources of the District in an effective and efficient manner; and

WHEREAS, in an effort to maintain staff's diligent focus on the District's business and to help reduce costs and avoid ratepayer impact, the Board desires to establish policies regarding requests for access to District information and information systems.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District hereby authorizes the General Manager or the General Manager's designee to respond to requests by individual directors and other members of the public for access to or provision of District information and information systems as follows:

Every request must be directed to or through the General Manager and the General Manager shall evaluate the request. Except for requests to which a response is legally required, such as requests under the Public Records Act, or a subpoena, if the General Manager determines that response to the inquiry is appropriate, the General Manager shall appoint appropriate staff to provide such access and or information that, in the General Manager's experience and judgment, will require a collective effort of less than one-hour of staff time. All other requests shall be directed to the Board of Directors. No request shall be granted for direct access to the District's paper or electronic mail or record systems. The General Manager shall take measures as may be necessary to ensure that District information and information systems are properly secured.

Moved by Director Hensley, seconded by Director Warda, that the foregoing resolution be adopted.

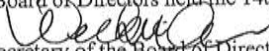
The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen and Warda  
Noes: Director Serpa  
Absent: Directors None

The President declared the resolution adopted.

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I, Vickie Ehrler, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 14th day of March 2006.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

Meeting Date: 3-14-06  
Item No. 20  
Tab No. 18

**Subject:** Direction to Staff Regarding Requests for Access to Information and Information Systems

**Recommended Action:** Adopt resolution authorizing the General Manager to respond to requests by individual directors and other members of the public for access to or provision of District information and information systems as follows:

Every request must be directed to or through the General Manager and the General Manager shall evaluate the request. Except for requests to which a response is legally required, such as requests under the Public Records Act, or a subpoena, if the General Manager determines that response to the inquiry is appropriate, the General Manager shall appoint appropriate staff to provide such access and or information that, in the General Manager's experience and judgment, will require a collective effort of less than one-hour of staff time. All other requests shall be directed to the Board of Directors. No request shall be granted for direct access to the District's paper or electronic mail or record systems. The General Manager shall take measures as may be necessary to ensure that District information and information systems are properly secured.

### Background and Discussion

In exercising the power and duty granted to it by Water Code section 21385 "to manage and conduct the business and affairs of the district" the Board of Directors must utilize the limited resources of the District in an efficient and effective manner.

Individual Board members have the same rights as members of the public. They can request access to public records – but not to records privileged from public disclosure, and subject to the same limitations as apply to members of the public. They can initiate communications with staff. However, absent approval by the Board, no individual member has the right to access District computers, records, or facilities.

Water Code section 21385 grants the Board as a body the power and duty to manage and conduct the business of the District. As such, the Board, as a group, has the authority to direct one or more of its members to communicate with the staff, to gather information, or to communicate, directly or through staff, with the media. Further, the Board has discretion to set policy as to what authority an individual Board member has, beyond that as a member of the

public, including in the areas of requesting information from and communicating directly with the General Manager or other staff, directly accessing District records and equipment, and the use of District facilities.

In exercising its powers and duties as set forth above, and to maintain staff's diligent focus on the District's business and to help reduce costs and avoid ratepayer impact the Board may direct the response the General Manager and other staff shall give to Board members and the public with regard to such matters in compliance with applicable laws.

The Board may wish to consider adopting the following policy:

The Board authorizes the General Manager to respond to requests by individual directors and other members of the public for access to or provision of District information and information systems as follows:

Every request must be directed to or through the General Manager and the General Manager shall evaluate the request. Except for requests to which a response is legally required, such as requests under the Public Records Act, or a subpoena, if the General Manager determines that response to the inquiry is appropriate, the General Manager shall appoint appropriate staff to provide such access and or information that, in the General Manager's experience and judgment, will require a collective effort of less than one-hour of staff time. All other requests shall be directed to the Board of Directors. No request shall be granted for direct access to the District's paper or electronic mail or record systems. The General Manager shall take measures as may be necessary to ensure that District information and information systems are properly secured.

#### **Alternatives/Pros and Cons of Each Alternative**

See above.

#### **Concurrence**

N/A

#### **Fiscal Impact**

All requests for access to or provision of District information and information systems bears incremental costs in staff time and facilities. Copy and other costs may also be incurred.

#### **Recommendation**

Adopt resolution authorizing the General Manager to respond to requests by individual directors and other members of the public for access to or provision of District information and information systems as follows:

Every request must be directed to or through the General Manager and the



General Manager shall evaluate the request. Except for requests to which a response is legally required, such as requests under the Public Records Act, or a subpoena, if the General Manager determines that response to the inquiry is appropriate, the General Manager shall appoint appropriate staff to provide such access and or information that, in the General Manager's experience and judgment, will require a collective effort of less than one-hour of staff time. All other requests shall be directed to the Board of Directors. No request shall be granted for direct access to the District's paper or electronic mail or record systems. The General Manager shall take measures as may be necessary to ensure that District information and information systems are properly secured.

**Attachments**

Resolution

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Presenter	Asst. General Manager	General Manager	Legal Review Obtained
Tom Van Groningen		<i>Alan Stark</i>	Joel Moskowitz

## MID BOARD POLICY

Category: <b>Governance Process</b>	Title: <b>Board Compensation and Benefits</b>
Date of Adoption:	Policy Number: <b>GP-11</b>
Related Action:     January 11, 2000	Ordinance No. 2000-1
Revision Date:       January 1, 2005	Employee Handbook Section B38

In keeping with the Irrigation District Law, members of the Board of Directors are entitled to compensation for their service. Such compensation shall be set by Ordinance of the Board.

Board members may also be entitled to reimbursement of expenses in the same manner as employees of the District, as set forth by District Policy approved by the Board of Directors.

Board members may participate in any plan for retirement or insurance program which has been adopted and carried into effect for the benefit of District officers and employees, as permitted by applicable law.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**PUBLIC HEARING REGARDING ORDINANCE  
FIXING DIRECTOR COMPENSATION**

At 9:08 a.m. President Warda opened the Public Hearing on Modesto Irrigation District's proposed Ordinance Fixing Director Compensation. There being no public comment, the Hearing closed at 9:09 a.m.

**ORDINANCE NO. 2000-1  
ORDINANCE FIXING THE COMPENSATION OF  
THE DIRECTORS OF THE MODESTO IRRIGATION DISTRICT**

Be it enacted by the Board of Directors of Modesto Irrigation District:

Section 1. Purpose

This ordinance is enacted pursuant to Water Code Sections 21166(a)(2)(C) and 20203 to 20207, which authorizes a board of directors of an irrigation district that produces or distributes electric power to provide by ordinance that each member of the board may receive compensation in an amount not to exceed \$15,000 per year.

Section 2. Compensation

Each director shall receive annual compensation in the amount of \$12,000. Such compensation shall become effective on the first day of the first month after the effective date of this ordinance. Such compensation shall be payable at the same time and in the same manner as wages and salaries are paid to the officers and employees of the district.

Section 3. Salary Exclusive of Reimbursements

The salary prescribed by this ordinance is exclusive of any other amounts payable to a member of the board of directors as reimbursement for necessary expenses incurred by the board member in the performance of the board member's official duties.

Section 4. Ordinance subject to Referendum; Effective Date

This ordinance is subject to the provisions of referendum prescribed by Water Code Section 20204. Subject to the foregoing, this ordinance shall take effect and be in force sixty (60) days from the date of its adoption.

Moved by Director Billington, seconded by Director Van Groningen, that the foregoing ordinance be adopted.

The following vote was had:

Ayes: Directors Billington, Kidd, Van Groningen and Warda  
Noes: Director Hensley  
Absent: Directors None

The President declared the ordinance adopted.

Public Comment: None

### **WARRANTS**

Moved by Director Van Groningen, seconded by Director Billington, that the warrants numbered 55896 to 55967, inclusive, in the amount of \$613,924.59, be approved. The President declared the motion carried.

### **MINUTES**

Moved by Director Van Groningen, seconded by Director Billington, that the minutes of December 14 and 21, 1999 and January 4, 2000 be approved. The President declared the motion carried.

### **REPORT OF WIRE TRANSFERS AND DISBURSEMENT ACCOUNT PAYMENTS**

Moved by Director Van Groningen, seconded by Director Billington, that the Report of Wire Transfers and Disbursement Account Payments for December 1999, be accepted. The transactions were wire transfers in the amount of \$6,153,074.47, and the cash disbursement reimbursement check numbered 055969 for \$2,567,154.54. The President declared the motion carried.

### **RESOLUTION NO. 2000-5 GRANTING QUITCLAIM UNTO FLORSHEIM BROS.**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby authorize and direct the President and Secretary to execute a Quitclaim unto Florsheim Bros., a California General Partnership. This Quitclaim is described as follows:

All that certain real property being a portion of Lot 11 of the Nash Tract, according to the Official Map thereof, filed for record on December 22, 1908 in Book 4 of Maps at Page 10, Stanislaus County Records, lying within the Southeast Quarter of Section 6, Township 3 South, Range 9 East, Mount Diablo Base and Meridian, City of Modesto, County of Stanislaus, State of California, being more particularly described as follows: The East 20.00 feet of said Lot 11 and subject to all easements and/or rights-of-way of record.

FURTHER RESOLVED, That said property is no longer necessary for District purposes and it is in the best interests of the District to quitclaim all its right, title and interest in that certain easement. Reference is hereby made to said Quitclaim for full facts and circumstances as on file in the office of the Secretary.

Moved by Director Van Groningen, seconded by Director Billington, that the foregoing resolution be adopted.

Implementation Date: 04/26/1994	Section: B38
Revised Date: 01/01/2005	Subject: Reimbursement of Employee Expenses

## **POLICY FOR THE REIMBURSEMENT OF DIRECTORS, OFFICERS & EMPLOYEE EXPENSES**

MID Directors, officers and employees will be reimbursed for all necessary, reasonable and authorized expense incurred as a result of District related travel, meals and attendance at conferences, conventions, workshops, seminars and other District activities.

The District will reimburse only those expenses that are submitted to the Secretary of the Board on a Claim for Expenses/Reimbursement form and have been approved and authorized by the proper officials. The following approval process is required to receive payment for expenses for District related business:

1. Expenses incurred by members of the Board of Directors must be approved by the Secretary of the Board.
2. Expenses incurred by the Secretary of the Board must be approved by the AGM, Finance and General Services.
3. Expenses incurred by the General Manager must be approved by the AGM, Finance and General Services.
4. Expenses incurred by senior management (AGM, Electric Resources; AGM, Finance and General Services; AGM, Human Resources; AGM, Information Technology; AGM, Planning and Marketing; AGM, Transmission and Distribution; AGM, Water Operations; AGM, Customer Service) must be approved by the General Manager (or acting General Manager in the absence of the General Manager).
5. Expenses incurred by Assistant General Counsel, Controller, Division Manager, Treasurer, or other employees reporting to senior management must be approved by the appropriate senior manager.
6. Expenses incurred by all other employees must be approved by the appropriate Division Manager, Controller, Treasurer or Assistant General Counsel.

In the absence of the General Manager, AGM, Finance and General Services, or appropriate senior management, the approval by the Secretary of the Board is permitted for #3, #4 and #5.

1. This approval is only permitted in important situations at the Secretary's discretion.
2. Upon return, the General Manager or the AGM, Finance and General Services must review and countersign the reimbursement form.

The following list represents reimbursable expenses as defined by this policy:

### **BUSINESS MEALS**

An employee who is on travel status on District business during any meal hour will be reimbursed for the actual cost of the meal (except non-exempt employees who are reimbursed for meals per applicable MOU). An employee who hosts a meal for another person in furtherance of District business is entitled to be reimbursed for the actual expense for that meal. Itemized receipts are required for all business meals (see Travel Expenditure paragraph).

### **ALCOHOLIC BEVERAGES**

The District will not reimburse for alcoholic beverages.

Implementation Date: 04/26/1994	Section: B38
Revised Date: 01/01/2005	Subject: Reimbursement of Employee Expenses

## **USE OF PERSONAL VEHICLE**

It is District policy that employees use District vehicles for conducting District business whenever possible. If there are no District vehicles available or if it is not feasible for a District vehicle to be used, the employee may use a personal vehicle if prior approval is obtained from the appropriate manager.

All personal vehicles must have insurance coverage as required by law. If an employee's personal vehicle is involved in an accident or is damaged due to any other cause while conducting District business, the employee's private automobile insurance will provide primary coverage for all damages, including to the employee's personal vehicle. In the event of an accident or other damage occurring to an employee's personal vehicle, the employee's insurance carrier and MID Control Center shall be notified immediately and an Unusual Occurrence Report completed as soon as possible after the incident.

The use of a personal vehicle will be reimbursed for actual miles driven on District business at the approved mileage rate per IRS business reimbursement allowance.

When a personal vehicle is used in lieu of commercial transportation, the employee will be paid the lesser amount of the actual miles driven for District business, at the approved mileage rate or the cost of the lowest standard coach air fare from Modesto to the city of the attended activity as determined by the Secretary's office.

For the use of a personal airplane, the District will reimburse the employee the lesser amount between the standard coach fare cost from Modesto to the city of the attended activity as determined by the Secretary's office or the employee's actual cost for the operation of the airplane.

## **TRAVEL EXPENDITURES**

Each expenditure submitted for reimbursement must be accompanied by an itemized receipt (a credit card signature slip is not an itemized receipt). If a receipt is requested from a vendor and the vendor cannot provide a receipt (i.e. taxi or bus fare), the employee must note on any expense reimbursement form that a receipt was not available.

## **COMMERCIAL AIR TRAVEL**

The District will provide commercial air transportation when air travel is necessary for District business. Airfare will be provided at coach rates for all employees.

Arrangements for all commercial travel will be made through the Secretary's office to allow for all billing and payment by a centralized process. Commercial travel will not be paid from employee expense advances or by means of an expense reimbursement. If employees wish to perform their own travel research to review availability of flights, time, etc., the preferred flight information must be furnished to the Secretary's office to book the reservation, obtain the tickets and arrange for processing of payment.

Employees must submit an approved Travel Request form to the Secretary's office before travel arrangements can be booked.

Airfare expense for spouses who attend District business functions may be booked by the District and paid by the employee by means of personal credit card or check at the time the reservation is made. If cancellation of discount fare tickets occurs for the spouse, the employee will have responsibility to resolve payment or refund problems with the travel agency.

Implementation Date: 04/26/1994	Section: B38
Revised Date: 01/01/2005	Subject: Reimbursement of Employee Expenses

If an employee is traveling on District business and can receive reduced airfare by leaving prior to or by extending their stay beyond the period of business requirements, the District will pay lodging and reasonable meal expenses for this minimal additional period provided that there is a net savings to the District of at least \$100. Additional work days prior to or beyond the business requirement, that the employee has chosen to be off work in excess of amount necessary to qualify for the reduced airfare will be recorded as vacation, compensatory time off, or administrative leave used.

The evaluation will be conducted by the Secretary's office and authorized by the proper signatures as shown on Page 1, prior to booking travel arrangements. The opportunity to provide savings to the District is voluntary and must have proper approval.

The Secretary's office shall establish a frequent-flyer mileage account for each person who travels on District business. Persons who earn frequent-flyer mile "award cheques" on their accounts shall be required to endorse and return "cheques" to the Secretary's office. Frequent-flyer "cheques" will be used by the District to reduce or eliminate any cost of future District business related trips.

#### **AUTHORIZED OUT-OF-TOWN TRAVEL**

Whenever an employee is required to stay out-of-town overnight on District business, they shall be reimbursed for the following:

##### **Lodging**

Employees will be reimbursed for actual and reasonable business-related expenses. Lodging reservations may be made by the Secretary's office to provide the most efficient method of payment. Whenever possible, the District will prepay lodging in order to guarantee reservations.

##### **Incidental Expenses**

The District will not reimburse for incidental expenses, i.e. movies, laundry, etc.

##### **Telephone**

Business-related telephone expenses will be reimbursed. The Board of Directors recognizes and inconvenience to the employee who is away from their family during an overnight business trip. Therefore, the District will provide a \$5.00 per day prepaid phone card for personal use when traveling overnight on authorized District business. The District will not reimburse for any additional personal telephone expenses when traveling. Prepaid phone cards are available through the Secretary's office, General Services or Purchasing.

#### **District Information Technology Access**

Employees will be reimbursed for actual and reasonable telephone expenses to access District Information Technology. While traveling on authorized District business, employees should use a secured, encrypted connection through the Public Internet to access District Information Technology. If the remote location does not provide a Public Internet connection, then employees should use the District's Internet Service Provider (ISP) account. Employees should contact the Information Technology – Help Desk department with a 48 hour advanced notification for assistance on configuring District owned equipment.

Implementation Date: 04/26/1994	Section: B38
Revised Date: 01/01/2005	Subject: Reimbursement of Employee Expenses

### **Local Transportation**

The most reasonable form of local transportation should be utilized by the employee considering the overall expense and convenience in performing the District's business. Employees shall be reimbursed for the actual expenses of taxis, buses, rapid transit, and parking fees.

Rental of cars or chartered aircraft must be authorized in advance by the appropriate management. Car rentals should be arranged through the Secretary's office when other travel arrangements are made. When rental of a car has been authorized, employees should not purchase collision coverage for the rental car. Medical insurance coverage is not required because of the medical coverage provided by the District's benefit plans and should not be purchased at the time of rental.

### **Tips**

Employees should follow generally accepted guidelines when tipping (approximately 10-15%). Tip expenses will be reimbursed with a receipt or notation on credit card receipt.

### **Registration**

Attendance at seminars and conventions must be pre-authorized. Authorized meeting registration expenses will be paid by the District. Expenses for spouses who attend authorized seminars and conventions are the responsibility of the employee and must be paid by the employee at the time of purchase.

### **Travel Advance**

Employees may obtain a travel advance for out-of-town business trips. To obtain a travel advance, an employee must submit a Travel Advance form to the appropriate management. The form must include an estimate of daily expenses.

Travel advances may not include airfare costs or registration costs. Travel advances will not be disbursed more than three calendar days prior to departure.

Employees who possess a District credit card are limited to travel advances of \$100.

Expense claims with a travel advance must be submitted for reimbursement within 10 working days after the employee returns to work. Employees who do not settle travel advance reimbursements within 10 working days will be denied the privilege of future travel advances. If an employee submits a second claim for travel reimbursement before a travel advance has been settled, the District may net the unsettled travel advance against the new expense claim.

### **Cancellation of Scheduled Activity**

In the event of cancellation of a business activity that affects scheduled commercial travel, the Secretary's office must be notified immediately so ticket cancellation and the return of any travel advance and registration fees can be effected.

### **Policy Exceptions**

Any deviation from this policy must be reviewed and approved by the General Manager.



**RESOLUTION NO. 2005-65**  
**APPROVING REVISIONS TO THE MODESTO IRRIGATION DISTRICT**  
**EMPLOYEE HANDBOOK POLICIES TO COINCIDE WITH NEW**  
**MEMORANDUM OF UNDERSTANDING LANGUAGE**

WHEREAS, the Modesto Irrigation District has negotiated a new Memorandum of Understanding (MOU) with the International Brotherhood of Electrical Workers; and

WHEREAS, the Employee Handbook contains policies that are consistent with the Memorandum of Understanding; and

WHEREAS, the District desires to have all policies and language in the MOU and Employee Handbook be consistent and therefore certain policies have been amended as follows:

- A02 Payroll Deductions
- A05 Temporary Upgrade
- A06 Compensation During Inclement Weather
- B04 Vacations
- B06 Transfers
- B09 Sick Leave
- B13 Grievance Procedure
- B27 Payment of Employee Educational and Professional Development Activities
- B28 Residency Policy
- B38 Policy for the Reimbursement of Directors, Officers & Employee Expenses

BE IT RESOLVED, That the Board of Directors does hereby approve the above revisions to the Employee Handbook policies to be incorporated into the Modesto Irrigation District Employee Handbook.

Moved by Director Warda, seconded by Director Kidd, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Billington, Hensley, Kidd, Van Groningen and Warda

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

o0o

I, Vickie Ehrlar, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held on the 10th day of May 2005.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

**MID BOARD POLICY**

Category: <b>Governance Process</b>	Title: <b>External Auditor Relationship</b>
Date of Adoption:	Policy Number: <b>GP-12</b>
Related Action: August 28, 2007	Resolution No. 2007-163
Related Action: April 13, 2004	Resolution No. 2004-63

The Board is responsible for hiring MID's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) The Board as a whole acts as the audit committee for the District and each year shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board shall report the outcome of the audit and their findings on a timely basis at a public meeting.
- c) The Independent Auditors' Report shall be finalized and made available as a public record.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION NO. 2007-163  
APPROVING A MODESTO IRRIGATION  
DISTRICT AUDIT COMMITTEE CHARTER**

WHEREAS, the Board of Directors, approved Resolution No. 2004-63, that established an Audit Committee consisting of the five members of the Board; and

WHEREAS, the Audit Committee's scope is to adopt policies and implement procedures that promote and instill prudent management of public funds; that safeguard public funds and which foster and promote accountability; establish and maintain sound internal control procedures; and to communicate more frequently and directly with the independent auditors.

BE IT RESOLVED, That the Board of Directors does hereby approve an Audit Committee Charter with the responsibilities as listed in the Charter.

Moved by Director Hensley, seconded by Director Serpa, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Serpa, Van Groningen and Warda

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

o0o

I, Pat Caldwell Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the 28th day of August 2007.



Secretary of the Board of Directors  
of the Modesto Irrigation District

## **Charter of the Modesto Irrigation District Audit Committee**

### **I. Purpose**

The Audit Committee of the Modesto Irrigation District Board is responsible for recommending the selection of external auditors to the Board; receiving, reviewing, and forwarding to the Board the annual financial report of the external auditors; and such other matters as may warrant its attention.

### **II. Membership of Audit Committee**

The Audit Committee shall be comprised of the five members of the Board of Directors, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The Chair of the Audit Committee shall be the current President of the Board.

### **III. Scope of Audit Committee Work**

In accomplishing its assigned responsibilities, the Audit Committee will review the following listed matters and such other matters as may warrant its attention.

- (a) Recommend to the Board of Directors the selection of Modesto Irrigation District's external auditors and the annual fees to be paid for services rendered by the external auditors, review each proposed audit plan developed by management and the external auditors, periodically review the performance of the external auditors, and recommend to the Board any proposed retention or discharge of the external auditors.
- (b) Review the District's annual financial statements, including the compliance of the District's accounting and financial management systems and reports with generally accepted accounting principles for government agencies.
- (c) Review and forward to the Board the annual financial management letter of the external auditors, with such comments of its own as may be appropriate.

### **IV. Frequency of Meetings**

The Audit Committee shall meet at least twice annually: First to review the proposed audit plan, and again to review the financial statements and opinion of the external auditors. Other meetings shall be scheduled as necessary.

Meeting Date: August 28, 2007

Item No.

Tab No.

15  
9

**Subject:** MID Audit Committee Charter

**Recommended Action:** Approve a Resolution adopting an Audit Committee Charter

### **Background and Discussion**

The Modesto Irrigation District established an Audit Committee, consisting of the five Board members, in April 13, 2004. The Resolution (2004-63) called for the Committee to adopt policies and implement procedures that promote and instill prudent management of public funds; that safeguard public funds and which foster and promote accountability; to establish and maintain sound internal control procedures; and to communicate more frequently and directly with the independent auditors.

Staff has prepared a draft Audit Committee Charter. The draft charter includes four sections:

1. Purpose of the Committee
2. Membership
3. Scope of work
4. Frequency of meetings

The scope of the Committee's responsibilities is threefold:

- Selection and evaluation of the external audit firm and review of the annual audit plan,
- Review of the District's annual financial statements, and
- Review and forward to the Board the annual management letter.

The Charter also permits the Committee to look into other matters that may warrant its consideration.

Adopting an Audit Committee Charter is generally referred to as a "best practice". The Board should periodically review the Audit Committee Charter to assess its adequacy and to incorporate changes due to new laws or regulations.

Staff initially introduced this concept to the Board at the May 22, 2007 meeting. At that meeting staff asked for review and input into the Charter. Staff has received no additional comments.

### **Alternatives/Pros and Cons of Each Alternative**

The Audit Committee has operated without a charter since its inception and could continue to meet without one. The draft charter allows a great deal of discretion to the Audit Committee regarding its responsibilities.

### **Concurrence**

Staff, legal

**Fiscal Impact**

none

**Recommendation**

Approve a Resolution adopting an Audit Committee Charter.

**Attachments**

Draft Audit Committee Charter

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Presenter

*Lou Hampel*

Asst. General Manager

General Manager

*Allen Skout*

Legal Review Obtained

**RESOLUTION NO. 2004-63**  
**ESTABLISHING A MODESTO IRRIGATION DISTRICT AUDIT COMMITTEE**

WHEREAS, the Board of Directors desires to adopt policies and implement procedures that promote and instill prudent management of public funds; and

WHEREAS, the Board of Directors desires to adopt policies that safeguard public funds and which foster and promote accountability; and

WHEREAS, the Board of Directors has a strong desire to establish and maintain sound internal control procedures; and

WHEREAS, the Board of Directors wishes to communicate more frequently and directly with the independent auditors; and

WHEREAS, the Board of Directors, in an effort to effectively perform these duties, desires to establish an Audit Committee made up of the members of the Board of Directors.

NOW, therefore, BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby establish an Audit Committee whose members shall be the Board of Directors to adopt policies and implement procedures that promote and instill prudent management of public funds; that safeguard public funds and which foster and promote accountability; to establish and maintain sound internal control procedures; and to communicate more frequently and directly with the independent auditors.

Moved by Director Billington, seconded by Director Kidd, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Billington, Hensley, Kidd, Van Groningen and Warda


Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

o0o

I, Vickie Ehrler, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held on the 13th day of April 2004.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

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**Meeting Date:** April 13, 2004

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**Subject:** Audit Committee

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**Recommended Action:** Establish an Audit Committee consisting of the Board of Directors

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## **Background and Discussion**

The ongoing revelations of accounting irregularities in the private sector and articles involving apparent misuse of public funds by some special districts have generated a tremendous amount of concern by the public. The result of these disclosures has been a general tightening of accounting regulations; implementation of more stringent internal control measures both by regulatory bodies and the individual businesses; closer scrutiny of the authority delegated to the executive staff and the implementation of tighter procedures for monitoring compliance with the rules and regulations.

An appreciation for public perception and a strong desire to maintain the public trust has prompted MID to review its policies governing travel and reimbursement procedures to insure that the appropriate internal control, documentation and approval processes are in place. This year the independent auditors, with full concurrence from the staff, are communicating more frequently and directly with the Board of Directors.

Although we are confident that our written policies meet the high standards demanded by the public, it is recommended that the District establish an audit committee consisting of the Board of Directors. The duties of the committee would include meetings, in open session, with the independent auditors prior to the audit, at which time they would receive a summary of new regulations governing the audit; review the timeline of the audit; and have the opportunity to express any concerns. It is anticipated that the first meeting of the audit committee would be in January each year; subsequent meetings would be scheduled on an as-needed basis through the AGM of finance and general services or the general manager.

## **Alternatives/Pros and Cons of Each Alternative**

1. The obvious alternative is for the District to continue to operate without an audit committee. It's easy enough to convince ourselves that the current procedures are working well and there is no need to change. However, this approach ignores the public demand for solid internal control measures that offer accountability. To maintain the status quo may be viewed as an inadequate response to a situation seen as a serious matter by the public. Clearly, this option would require the least amount of effort and expense and it could be argued that our policies and procedures are better than most. But, again, no system, no policy statement is so perfect that it is beyond further review and refinement.
2. Another approach is to establish an Audit Committee consisting of the Board of Directors. This would improve the flow of information and promote ongoing evaluation. It would engage the policy makers in the audit process. The downside might be the additional time commitment required of the Board and staff. Still, this is far outweighed by the improvement in accountability over public funds, internal control and public trust.



**Concurrence**

This proposal has been reviewed with the independent auditors, General Manager and the finance staff.

**Fiscal Impact**

No additional costs are anticipated.

**Recommendation**

It is recommended that the Board adopt a resolution establishing an Audit Committee consisting of the Board of Directors.

**Attachments**

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Presenter

Asst. General Manager

General Manager

Legal Review Obtained

<b>MID BOARD POLICY</b>	
<p>Category: <b>Board-Staff Linkage</b></p> <p>Date of Adoption:</p> <p>Related Action:</p>	<p><b>Board General Manager Relationship</b></p> <p>Policy Number: <b>BL-1</b></p> <p>Resolution No.</p>

The Board of Directors governs the Modesto Irrigation District and is the policy-making body of MID. The Board operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws.

- a) The Board of Directors shall have the responsibilities defined in the Governance Policies adopted by the Board.
- b) The General Manager is responsible for the following implementing Board policy, administration of MID business functions, and proposing new or modified Board policy, subject to periodic review by the Board:
  - i) Manage all day-to-day operations and business affairs of MID.
  - ii) The Board retains all authority to act on behalf of MID. The Board may, except, where prohibited by law, delegate responsibility to the General Manager to establish policies, make decisions, take actions, establish practices, and develop activities to further the policies and goals established by the Board.
  - iii) Achieve the goals and results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
  - iv) The Board may change its delegation to the General Manager at any time, subject to the applicable law, policies adopted by the Board and any contract with the General Manager, thereby expanding or limiting the authority of the General Manager.
  - v) Regularly prepare and submit to the Board for approval budget and rate proposals, together with rules and regulations, to achieve the Board's financial policies and strategic directives.

- vi) Attend meetings of the Board and report on the general affairs of MID, and keep the Board advised as to the needs of MID.
- vii) Prepare and submit to the Board for approval, as necessary, organizational designs for MID; manage the employees, including hiring and terminating of all officers and employees except the General Counsel and the Board Secretary; and maintain an Employee Handbook meeting the requirements of law.
- viii) Direct labor negotiations based on Board direction and develop labor contract proposals for Board consideration.
- ix) Enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
- x) Administer MID procurement of goods and services, and treatment of salvage or discard items in accordance with Board Policy.
- xi) Ensure the smooth continuous operation of MID in the event of the planned or unplanned absence of the General Manager.
- xii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The General Manager shall assure, in cooperation and consultation with the Board, that MID is appropriately represented in the community it serves.
- xiii) Perform other responsibilities as may be delegated by the Board either by resolution or through a contract of employment.

**Monitoring Method: Board Report**  
**Frequency: Annual**

## MID BOARD POLICY

Category: <b>Board-Staff Linkage</b>	Title: <b>Board General Counsel Relationship</b>
Date of Adoption:	Policy Number: <b>BL-2</b>
Related Action:	Resolution No.

The General Counsel provides legal counsel to MID and to the Board. The General Counsel reports both to the Board and to the General Manager.

The Board of Directors is ultimately responsible for hiring and terminating the General Counsel. As a general practice, the Board and the General Manager shall participate jointly in hiring and terminating the General Counsel.

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation, and review of job duties for the General Counsel.

With respect to the Board, the General Counsel shall:

- a) Give his or her legal advice or opinion whenever he or she deems necessary or when required by the Board.
- b) Inform the Board of material legal issues impacting MID or the Board.
- c) Provide legal counsel to the Board with regard to conflict-of-interest issues.
- d) Provide legal counsel to the Board with regard to other ethical matters.
- e) Assist the Board in complying with applicable statutes and regulations.
- f) When necessary, act independently of the General Manager with regard to the foregoing.

The General Counsel shall not provide legal counsel to individual Board members except in their role as Board members.

**Monitoring Method: Board Report**  
**Frequency: Annual**

## MID BOARD POLICY

Category: **Board-Staff Linkage**

Title: **Board Secretary Relationship**

Date of Adoption:

Policy Number: **BL-3**

Related Action: December 13, 2022

Resolution No. 2022-52

The Board Secretary helps the Board fulfill its various responsibilities. The Board Secretary serves under the direction and control of the Board.

The Board of Directors is ultimately responsible for hiring and terminating the Board Secretary. As a general practice, the Board and the General Manager shall participate jointly in hiring and terminating the Board Secretary.

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation, and review of job duties for the Board Secretary.

The General Manager will recommend to the Board the compensation of the Board Secretary, but the Board may, at its discretion, provide to the General Manager its decision regarding the Board Secretary's compensation.

The Board Secretary shall:

- a) Maintain all Board records.
- b) Receive and disseminate Board communications.
- c) Act as recording secretary at all Board meetings.
- d) Coordinate with MID management and staff in responding to Board member requests related to constituent affairs.
- e) Handle all other matters that are properly delegated to him or her by the Board.
- f) Notwithstanding these activities, the Board Secretary is not empowered to instruct or direct MID management or staff.

**Monitoring Method: Board Report**

**Frequency: Annual**

**RESOLUTION 2022-52  
APPOINTING THE 2023 BOARD SECRETARY TO THE  
MODESTO IRRIGATION DISTRICT BOARD OF DIRECTORS**

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby appoint Angela Cartisano, as the 2023 Board Secretary to the Board of Directors.

Moved by Director Blom, seconded by Director Keating, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Boer, Byrd, Frobose and Keating

Noes: Director None

Absent: Director None

President Byrd declared the resolution adopted.

o0o

I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the thirteenth day of December 2022.



Board Secretary of the  
Modesto Irrigation District

**MID BOARD POLICY**

Category: **Board-Staff Linkage**

Title: **Unity of Control**

Date of Adoption:

Policy Number: **BL-4**

Related Action: May 11, 2021

Resolution No. 2021-25

Only decisions of the Board acting as a body are binding on the General Manager and the General Counsel.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager or the General Counsel, except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager or the General Counsel must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.
- c) Board members may communicate with MID employees or contractors and will endeavor to advise the General Manager regarding such communications where substantive operational, contractual, regulatory compliance, or personnel matters are identified. However, the Board as a body and the Board members will refrain from giving direction to persons who report directly or indirectly to the General Manager, with the exception of the General Counsel.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**RESOLUTION 2021-25**  
**APPROVING THE MONITORING REPORT FOR**  
**MID BOARD POLICY NUMBER BL-4, UNITY OF CONTROL**

WHEREAS, the Modesto Irrigation District Board of Directors approves and adopts policies to ensure accountability, to improve the performance and to meet MID's goals; and

WHEREAS, the Modesto Irrigation District Board Governance requires the General Manager to annually review and issue a monitoring report of the MID Board Policies; and

WHEREAS, the General Manager and the Modesto Irrigation District Board of Directors are in compliance with existing Board Policy Number BL-4, Unity of Control, attached hereto.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby approve the General Manager's monitoring report for MID Board Policy Number BL-4, Unity of Control and that the MID Board of Directors reaffirms their ongoing commitment to be unified as one body as they work together to ensure MID delivers superior value to our irrigation, electric and domestic water customers through teamwork, technology and innovation.

Moved by Director Mensinger, seconded by Director Gilman, that the foregoing resolution be adopted.

The following roll call vote was had:

Ayes: Directors Campbell, Gilman and Mensinger


Noes: Directors Blom and Byrd

Absent: Director None

The President declared the resolution adopted.

o0o

I, Angela Cartisano, Board Secretary of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the eleventh day of May 2021.

  
Board Secretary of the  
Modesto Irrigation District



Board Meeting Date: May 11, 2021

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<b>Subject:</b>	MID Board Monitoring Report – Unity of Control BL-4
<b>Recommended Action:</b>	Resolution approving MID Board Monitoring Report for MID Board of Directors’ Unity of Control Policy BL-4
<b>Background and Discussion:</b>	<p>The purpose of this agenda item is to provide a monitoring report for the Modesto Irrigation District (MID) Board of Directors’ Unity of Control Policy BL-4 and a General Manager (GM) interpretation of the policy’s implementation. I believe the MID Board of Directors and the GM are in compliance with Policy BL-4. The major themes of Policy BL-4 do not need much interpretation and are very direct, as follows:</p> <p><b><u>Board Speaks With One Voice and Acts As One Body:</u></b> The MID Board policy, Unity of Control BL-4, emphasizes that the Board, as a body, speaks and acts as one unified entity and individuals on the Board have no individual authority unless given by the Board. Please be advised that individual Board members do not speak on behalf of the MID Board unless they have been directed by the MID Board to do so.</p> <p><b><u>Individual Board Members To Advise The General Manager:</u></b> The last paragraph of the policy is an interesting one as it allows Board members to communicate with MID employees or contractors with an obligation; “Board members...will endeavor to advise the General Manager regarding such communications...” Board members are to advise the GM when communications with employees or contractors identify:</p> <ul style="list-style-type: none"><li>- Substantive operational matters,</li><li>- Substantive contractual matters,</li><li>- Substantive regulatory compliance matters, or</li><li>- Substantive personnel matters.</li></ul> <p><b><u>Individual Board Members Refrain From Giving Direction:</u></b> Finally, the policy concludes clearly with, “Board members will refrain from giving direction to persons who report directly or indirectly to the General Manager...” The GM respectfully requests that the Board continue to uphold this.</p> <p><b><u>Further Background Available on MID Board Policies:</u></b> Additional MID Board policies are available on the MID website: <a href="https://www.mid.org/about/board/governance/documents/BoardGovernance.pdf">https://www.mid.org/about/board/governance/documents/BoardGovernance.pdf</a>.</p>

Attachments: Policy BL-4 Unity of Control

**Alternatives, Pros and Cons of Each Alternative:** N/A

**Concurrence:** N/A

**Fiscal Impact:** N/A

**Recommendation:** Resolution approving MID Board Monitoring Report for MID Board of Directors' Unity of Control Policy BL-4

**Attachments:** Supporting documents attached:  
 Resolution    Presentation    Other supporting docs    None attached  
*Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.*

<b>Presenter</b>
Type Name
Date Signed

<b>Division Manager</b>
Type Name
Date Signed

<b>General Manager</b>
<i>Bill Schwandt</i> Bill Schwandt, P.E. MBA
05/05/2021
Date Signed

*(If Applicable)*

<b>General Counsel</b>
Wesley Milliband
Date Signed

**MID BOARD POLICY**

Category: <b>Board-Staff Linkage</b>	Title: <b>Evaluating the GM'S Performance</b>
Date of Adoption:	Policy Number: <b>BL-5</b>
Related Action:	Resolution No.

The General Manager's job performance shall be evaluated by comparing the organization's results, operations and the General Manager's personal performance to the policies established by the Board.

Specifically:

- a) The Board shall evaluate the General Manager's performance on an annual basis.
- b) The evaluation will be based on an evaluation of the organization's performance and the General Manager's personal performance against the desired results established by the Board.
- c) The Board will use data to determine the degree to which Board policies are being met.
- d) Through the annual budget process, the General Manager shall identify for the Board's review and approval, performance goals and objectives for the following year that represent the General Manager's reasonable interpretation of achieving the results defined by the Board.
- e) All policies that instruct the General Manager shall be monitored at a frequency and by a method chosen by the Board.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**MID BOARD POLICY**

<p>Category: <b>Board-Staff Linkage</b></p> <p>Date of Adoption:</p> <p>Related Action:</p>	<p>Title: <b>Delegation to the GM With Respect to Procurement</b></p> <p>Policy Number: <b>BL-6</b></p> <p>Resolution No.</p>
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The procurement of goods and services is an integral part of MID operations. It is MID's policy that such procurement shall take place in accordance with applicable legal requirements in a fair, competitive and inclusive manner to maximize the benefit to MID's ratepayers and the economic development of the community.

- a) **Prudent Judgment:** It is MID's policy that due diligence and prudent judgment be exercised in the making of procurement decisions, including conducting a risk assessment. If the General Manager reasonably determines that a procurement activity presents, regardless of the size of the financial commitment, either:
  - i) a unique and significant operational risk to MID;
  - ii) a significant impact to customers; or
  - iii) a significant impact to community relations, the General Manager shall inform the Board.
  
- b) **Delegation of Authority to the General Manager:** The Board's approval of a Budget constitutes authorization for the purchase of materials, equipment and services specifically listed in the Budget. The General Manager is delegated authority to perform and approve procurement activities and will periodically report to the Board regarding expenditures.
  
- c) The General Manager is authorized to execute the following contract amendments:
 

Time Extension	Up to 1 year
Contingency changes	Up to 10% of contract award
  
- d) The General Manager shall prepare and submit to the Board a manual for purchasing and procurement activities of MID that reflects the foregoing delegation.

- e) The General Manager shall periodically report to the Board a summary of the actions taken with respect to the categories of transactions within this policy.

**Monitoring Method: GM Report**  
**Frequency: Semi-Annual**

<b>MID BOARD POLICY</b>	
Category: <b>Board-Staff Linkage</b>	Title: <b>Delegation to the General Manager</b>
Date of Adoption:	Policy Number: <b>BL-7</b>
Related Action: October 14, 1997	Resolution No. 97-187

The Board will instruct the General Manager through written policies that define the results the organization is to achieve, and that describe the delegation of authority to the General Manager.

Specifically:

- a) The Board shall identify and define the mission, vision, core values and goal of MID, along with the quantitative and qualitative results that MID is to achieve, and shall identify and define those results or conditions of MID that are acceptable and not acceptable to the Board, and shall communicate these items in the form of policy.
- b) The Board shall adopt the MID budget to meet the financial policies and strategic directives established by the Board. The General Manager shall direct the administration and operation of MID in accordance with the budget, including the transfer of funds among budget categories, as the budget may be adjusted by the Board.
- c) The General Manager must bring to the Board’s attention circumstances that affect the policies and goals established by the Board, present a unique and significant operational risk to MID, or significantly impact MID’s customers and may request the Board to take appropriate actions.

**Monitoring Method: Board Report**  
**Frequency: Semi-Annual**

RESOLUTION NO. 97-187

APPROVING DELEGATION OF CERTAIN AUTHORITY TO THE GENERAL MANAGER

WHEREAS, the Board of Directors of the Modesto Irrigation District has the power and duty to manage and conduct the business of the District; and

WHEREAS, the Board has determined delegation of certain powers to the General Manager, under the circumstances set forth herein, will enable the District to provide levels of customer service necessary to attract and retain customers in this competitive era.

Now, therefore, be it resolved as follows:

The Board hereby delegates to the General Manager the authority necessary to administer and carry out projects approved by the Board, subject to the following limitations:

1. The project must first be approved and budgeted by the Board of Directors;
2. The exercise of the delegation of authority must be within authorized budget limits;
3. The exercise of the delegation of authority must be consistent with Board established policies (e.g., of the District's purchasing policy); and
4. The exercise of the delegation of authority must be consistent with any further limitations imposed by the Board in approving the project to which the exercise of the delegation applies.


Moved by Director Van Groningen, seconded by Director Billington, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Billington, Van Groningen, Warda  
Noes: Director Hensley  
Absent: Director Kidd

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I, VICKIE EHRLER, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held on the 14th day of October, 1997.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

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**SUBJECT:** Delegation of Authority

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**RECOMMENDED ACTION:** Staff recommends that the Board adopt a resolution delegating to the General Manager the authority necessary to administer and carry out projects approved by the Board, subject to the following limitations:

1. The project must first be approved and budgeted by the Board of Directors;
2. The exercise of the delegation of authority must be within authorized budget limits;
3. The exercise of the delegation of authority must be consistent with Board-established policies (e.g., of the District's purchasing policy); and
4. The exercise of the delegation of authority must be consistent with any further limitations imposed by the Board in approving the project to which the exercise of the delegation applies.

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**BACKGROUND AND DISCUSSION:** Pursuant to the Irrigation District Act, the Board of Directors of the District has the power and authority to manage and conduct the business and affairs of the District. The Board may delegate such power and authority to one or more officers of the District. However, absent a delegation of authority, an officer does not have the power to act.

Generally, authority is delegated to the chief executive officers of public agencies by statute passed by the legislature or by regulations issued by the agency. The District's Board may do so by resolution.

The Board is being requested to delegate and grant to the General Manager authority to take actions that are necessary and appropriate to carry out Board approved projects in the normal course of District business. Such actions must be within the constraints set forth above.

This delegation of authority is necessary in order to allow the District to take advantage of opportunities as they are presented and to keep fast moving projects within their tight schedules. In order to provide the level of customer service necessary to attract and retain customers in this competitive era, the District must be able to act quickly in the normal course of business. The requested delegation of authority will permit the General Manager to do so within the constraints described above.





## MID BOARD POLICY

Category: <b>Board-Staff Linkage</b>	Title: <b>Delegation to the General Manager with Respect to State and Federal Legislation</b>
Date of Adoption:	Policy Number: <b>BL-8</b>
Related Action: March 30, 2010	Resolution No. 2010-35

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) The General Manager is authorized to develop positions consistent with Board policies on state and federal legislative and budget proposals, and communicate them to the Congress, the Legislature, and public power trade associations.
- b) When communicating a new position on state or federal legislation or budget proposals, the General Manager will provide advance notice to the Board when feasible.
- c) The General Manager is authorized to implement programs and take actions to achieve MID's legislative and regulatory policies, including without limitation:
  - (i) conducting campaigns to address issues of importance to MID's operations;
  - (ii) participating in regulatory and other activities connected to issues of importance to MID's operations;
  - (iii) continuing an active role in legislative and regulatory processes;
  - (iv) identifying and pursuing positions on state and federal legislation relevant to MID operations;
  - (v) working with other entities and associations to ensure MID's interest and positions are represented;
  - (vi) undertaking activities necessary to ensure MID's ongoing relationships with legislative and regulatory bodies and its customers.

**Monitoring Method: GM Report**  
**Frequency: Annual**

**RESOLUTION NO. 2010-35**  
**AUTHORIZING THE GENERAL MANAGER TO**  
**CONTINUE IMPLEMENTING LEGISLATIVE AND**  
**REGULATORY ACTIVITIES TO FURTHER THE**  
**GOALS AND INTERESTS OF THE DISTRICT IN**  
**STATE AND FEDERAL JURISDICTIONS**

WHEREAS, the Legislature and various regulatory agencies are focusing on several areas that directly impact MID's operations and ability to provide cost effective and reliable services, both water and power, to our customer-owners; and

WHEREAS, there are a number of actions that can be taken to protect MID's water and power resources and maintain necessary flexibility for our governing board to adopt policies that address state-wide goals in a manner that considers local conditions and circumstances; and

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby authorize and direct the General Manager to continue implementing legislative and regulatory activities to further the goals and interests of the District in State and Federal jurisdictions, including:

1. Conducting a multi-prong campaign to address predation and other stressors in the Delta and tributaries;
2. Participating in regulatory and other activities connected to the implementation of last year's Delta Legislation;
3. Continuing an active role in legislative and regulatory processes forming and implementing greenhouse gas, renewable resource, and other energy policies;
4. Identifying and pursuing positions on state and federal legislation relevant to MID operations;
5. Undertaking activities necessary to encourage formulation of regulations to provide cost-effective compliance options for all new mandates;
6. Working with other entities and associations to ensure the MID's interests and positions are represented; and
7. Implementing a program to improve the image and credibility of the District with its ratepayers.

Moved by Director Hensley, seconded by Director Warda, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen, Warda and Wild

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Pat Mills, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the 30th day of March 2010.

*Pat Mills*  
Secretary of the Board of Directors  
of the Modesto Irrigation District

**Meeting Date:** March 30, 2010

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**Subject: Legislative and Regulatory Activities**

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- Recommended Action:** Adopt a resolution authorizing the General Manager to continue implementing legislative and regulatory activities to further the goals and interests of the District in State and Federal jurisdictions, including:
1. Conducting a multi-prong campaign to address predation and other stressors in the Delta and tributaries;
  2. Participating in regulatory and other activities connected to the implementation of last year's Delta Legislation;
  3. Continuing an active role in legislative and regulatory processes forming and implementing greenhouse gas, renewable resource, and other energy policies;
  4. Identifying and pursuing positions on state and federal legislation relevant to MID operations;
  5. Undertaking activities necessary to encourage formulation of regulations to provide cost-effective compliance options for all new mandates;
  6. Working with other entities and associations to ensure the MID's interests and positions are represented; and
  7. Implementing a program to improve the image and credibility of the District with its ratepayers.
- 

**Background and Discussion**

The Legislature and various regulatory agencies are focusing on several areas that directly impact MID's operations and ability to provide cost effective and reliable services, both water and power, to our customer-owners. There are a number of actions that can be taken to protect MID's water and power resources and maintain necessary flexibility for our governing board to adopt policies that address state-wide goals in a manner that considers local conditions and circumstances.

Under the direction of the General Manager, staff is working with experts in various fields to undertake a combination of pro-active and responsive activities in the State and Federal legislative and regulatory arenas. The key elements of staff's approach are set forth below. Activities undertaken by staff include working with the District's State lobbyist to prepare and execute an action plan to address priority water and energy issues. They also include working with experts to design and implement a program to enhance the credibility of MID locally and in the State and Federal arenas. (Please see the attached documentation.) As an integral part of MID's activities, staff would continue to formulate and communicate MID positions on relevant legislative and regulatory proposals.

Water

1. Undertake a multi-prong campaign to start addressing the problem of predation. This will include sponsoring and supporting legislation and regulatory changes; participation in hearings, conferences and workshops; and preparation/dissemination of targeting messaging programs. One cornerstone of this activity will be Assembly Bill 2336 introduced by Jean Fuller, a copy of which is attached.
2. Participate in forming the implementation of last year's Delta Legislation. This will include efforts to shape additional, related legislation and implementing regulations, as MID and through SJRG.
3. Work with industry associations to ensure that MID's interests are represented and MID positions are considered.

Energy

1. Continue to take active role in legislative and regulatory processes forming and implementing energy policies for the State, including active participation in drafting language regarding environmental goals, reliability, and resource adequacy.
2. Undertake activities necessary to encourage formulation of regulations to provide cost-effective compliance options for all new mandates.
3. Work with industry associations to ensure that MID's interests are represented and MID positions are considered.

**Alternatives/Pros and Cons of Each Alternative**

**Concurrence**

The General Manager, General Counsel and Regulatory Administrator concur on the approach presented.

**Fiscal Impact**

These legislative and regulatory activities will result in additional operational costs for the District.

**Recommendation**

Adopt a resolution authorizing the General Manager to continue implementing legislative and regulatory activities to further the goals and interests of the District in State and Federal jurisdictions, including:

1. Conducting a multi-prong campaign to address predation and other stressors in the Delta and

tributaries;

2. Participating in regulatory and other activities connected to the implementation of last year's Delta Legislation;
3. Continuing an active role in legislative and regulatory processes forming and implementing greenhouse gas, renewable resource, and other energy policies;
4. Identifying and pursuing positions on state and federal legislation relevant to MID operations;
5. Undertaking activities necessary to encourage formulation of regulations to provide cost-effective compliance options for all new mandates;
6. Working with other entities and associations to ensure the MID's interests and positions are represented; and
7. Implementing a program to improve the image and credibility of the District with its ratepayers.

**Attachments**

Memo from The Gualco Group, LLP identifying 2010 State Government Relations Action Plan

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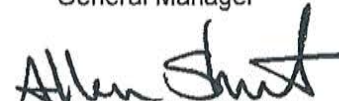
Presenter

Asst. General Manager

General Manager



\_\_\_\_\_

  
Allen Short

## MID BOARD POLICY

<p>Category: <b>Board-Staff Linkage</b></p> <p>Date of Adoption:</p> <p>Related Action:</p>	<p>Title: <b>Delegation to the General Manager with Respect to Real and Personal Property Policy</b></p> <p>Policy Number: <b>BL-9</b></p> <p>Resolution No.</p>
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Normal business operations require MID to engage in: (i) the acquisition, disposition, and lease of interests in real property; (ii) disposition of surplus personal property; (iii) the purchase, sale, and/or exchange of air emission credits (ERCs), renewable energy credits or other renewable standard compliance instruments (RECs), greenhouse gas emission compliance instruments (GCIs) and other types of tradeable instruments required for MID operations and compliance; and (iv) the leasing of unused capacity on MID's fiber optic infrastructure.

- a) **Prudent Judgment:** It is MID's policy that such transactions be administered in a manner that is operationally and economically sound, serves the best interests of MID's ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID's policy that due diligence and prudent judgment be exercised in the making of decisions related to the real and personal property of MID, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to these transactions presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to MID; (ii) a significant impact to customers; or (iii) a significant impact to community relations, the General Manager shall inform the Board.
- b) **Reporting:** The General Manager shall annually report to the Board a summary of the actions taken with respect to the categories of transactions within this policy.
- c) **Delegation of Authority:** The General Manager is delegated authority to negotiate real property transactions for Board consideration, consistent with Board policies and within the parameters that follow.



d) **Real Estate Transactions:**

- i) Purchase of Real Property. The sale of real property shall be at fair market value after first offering the property interest to local agencies; then, as appropriate, to the prior owner if able to be identified and located; and third to general public for maximum sale. In an exchange of real property, MID shall remain financially whole or benefit from the transaction.
- ii) Sale or Exchange of Real Property. The sale of real property shall be at fair market value after first offering the property interest to local agencies when required by law; then, as appropriate, to the prior owner if able to be identified and located; and third to general public for maximum sale. In an exchange of real property, MID shall remain financially whole or benefit from the transaction.
- iii) Lease of MID Property. Leases of MID Property shall be for fair market value and shall not adversely impact MID operations or anticipated future operations.
- iv) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted where MID operations or anticipated future operations are not adversely impacted.
- v) Lease, Easements, Licenses and Rights of Way from Third Parties. Leases, easements, licenses and rights of way may be obtained from Third Parties at or below fair market value.

e) **Special Assessments, Governmental Fees and Property Taxes:**

The General Manager is authorized to cast ballots, negotiate, pay taxes assessments, fees, levies or charges arising from MID's ownership or other interests in real property, including but not limited to Mello-Roos, Lighting and Landscape, Flood Control, Reclamation, Fire Suppression, School District, and Business Improvement. In addition, the General Manager is authorized to cast ballots on behalf of MID pursuant to Article XIID(4) of the California Constitution (Proposition 218, 11/15/1996).

f) **Purchase, Sale, or Exchange of Electric Resources and Tradeable Compliance Instruments:**

- i) Purchase. The resources or instruments are: (a) needed or anticipated to be needed to meet compliance obligations or otherwise for MID operations; and (b) the price is at or below fair market value and does not exceed \$1 million.

- ii) Sale. The resources or instruments are: (a) surplus to MID's actual or anticipated needs; and (b) the price is at or above fair market value.
- iii) Exchange. The resources or instruments obtained: (a) provide present or future operational flexibility; and (b) are of equal or superior quality and value.

g) **Disposal of Surplus, Scrap or Obsolete Personal Property:**

- i) Sale by competitive process.
- ii) Sale by incidental sale after public notice or advertising.
- iii) Sale by direct negotiations when the property cannot be disposed of, or is unlikely to be disposed of, through methods (i) and (ii) above.
- iv) Donation or abandonment of surplus, scrap or obsolete personal property where: (a) the property cannot be reasonably disposed of through methods (i) through (iii) above; and (b) the receiving organization is a state or local public agency, a charitable, education or welfare association or organization; provided, however, personal property may be donated to an educational organization without first using methods (i) through (iv) where the donation furthers a legitimate governmental or business purpose and provides a benefit to MID.

h) **Leasing of Access to Use MID's Fiber Optic Network (Dark Fiber):**

MID Dark Fiber will only be leased to public agencies and under the following conditions: (i) the Dark Fiber is excess to MID's needs; (ii) the lease price is at or above fair market value or MID receives an in-kind exchange of goods and/or services of comparable value; and (iii) the lease includes a right for MID to terminate the contract at its convenience.

**Monitoring Method: GM Report**  
**Frequency: Annual**

## MID BOARD POLICY

Category: <b>Board-Staff Linkage</b>	Title: <b>Delegation to the General Manager with Respect to the Settlement of Claims and Litigation</b>
Date of Adoption:	Policy Number: <b>BL-10</b>
Related Action: December 19, 1995	Resolution No. 95-202

Normal business operations require MID to enter into settlements of: (i) claims, complaints and lawsuits filed against it and brought by MID against third parties; (ii) regulatory matters to which MID is a party; and (iii) other disputes with third parties (singularly a "Dispute," collectively "Disputes").

- a) **Prudent Judgment:** It is MID's policy that Disputes be administered and resolved in a manner that is operationally and economically sound, serves the best interests of MID's ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID's policy that due diligence and prudent judgment be exercised in the making of decisions related to the settlement of Disputes, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to a Dispute presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to MID; (ii) a significant impact to customers; or (iii) a significant impact to community relations, the General Manager shall inform the Board.
- b) **Reporting:** The General Manager shall report semi-annually to the Board a summary of the actions taken with respect to the settlement of Disputes. The General Manager shall timely provide the Board with a summary of any significant settlement of a Dispute reached under this policy.
- c) **Delegation of Authority:** The General Manager, upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
Tort Claims	Up to \$25,000
Claims Under Workers' Compensation Laws	Up to self-retention insurance levels
Condemnations filed by MID	
Up to 115% of Appraised Value	
Greater than 115% of Appraised Value	
Condemnations filed against MID	
85% or greater of Appraised Value	
Less than 85% of Appraised Value	
All other Disputes	\$100,000

**Monitoring Method: GM Report**  
**Frequency: Annual**

RESOLUTION NO. 95-202

AUTHORIZING THE GENERAL MANAGER TO APPROVE AND/OR REJECT  
CLAIMS AGAINST THE MODESTO IRRIGATION DISTRICT IN AN  
AMOUNT NOT-TO-EXCEED \$25,000 ON A ONE YEAR TRAIL BASIS

NOW, THEREFORE, BE IT RESOLVED, That the General Manager or his designee is hereby authorized and directed to act on all claims filed against the Modesto Irrigation District for an amount not-to-exceed \$25,000. The General Manager or his designee is further authorized and directed to make all necessary and appropriate notices in connection with such acts and to authorize payment of any claims approved or settled for amounts not-to-exceed \$25,000. Any claims over \$25,000 will be presented to the Board of Directors for review and consideration. The General Manager is directed to file with the Board of Directors a quarterly summary of all claims.

Moved by Director Kidd, seconded by Director Billington, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Billington, Hensley, Kidd,  
Van Groningen, Warda

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Vickie Ehrler, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held on the 19th day of December, 1995.



Secretary of the Board of Directors  
of the Modesto Irrigation District

## MID BOARD POLICY

Category: <b>Board-Staff Linkage</b>	Title: <b>Delegation to the General Manager for Transmission, Wholesale Electricity and Natural Gas Transactions</b>
Date of Adoption: Related Action: May 24, 2016 Related Action: April 23, 2013 Related Action: February 9, 2010	Policy Number: <b>BL-11</b> Resolution No. 2016-58 Resolution No. 2013-30 Resolution No. 2010-16

As part of prudently managing energy related risks, providing retail rate stability and serving customers, MID is required to enter into: (i) contracts to purchase and sell wholesale electricity and natural gas; (ii) contracts for transmission, natural gas transportation and natural gas storage; and (iii) contracts to financially hedge or mitigate risks associated with wholesale electricity and natural gas prices, supplies and markets.

- a) **Prudent Judgment:** It is MID's policy that such transactions be administered in a manner that is operationally and economically sound, serves the best interests of MID's ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID's policy that due diligence and prudent judgment be exercised in the making of decisions related to the transactions, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to these transactions presents, regardless of the size of the financial commitment, any of the following, the General Manager shall inform the Board:
- i) a unique and significant operational risk to MID;
  - ii) a significant impact to customers; or
  - iii) a significant impact to community relations.
- b) **Reporting:** The General Manager shall report semi-annually to the Board a summary of the actions taken with respect to the categories of transactions within this policy.
- c) **Delegation of Authority:** The General Manager is delegated decision making and approval authority consistent with Board policies and within the parameters of the Energy Risk Management and Energy Trading Standards adopted by this Board.

**Monitoring Method: GM Report**  
**Frequency: Annual**

**RESOLUTION 2016-58  
APPROVING REVISIONS TO THE MODESTO IRRIGATION DISTRICT  
RISK MANAGEMENT POLICY**

WHEREAS, the Board of Directors of the Modesto Irrigation District adopted a Risk Management Policy on May 26, 1998 and has amended the Policy several times, most recently on April 22, 2013; and

WHEREAS, in order to enhance this program, the District has identified certain improvements and updates to the Risk Management Policy.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District hereby adopts Version 5.0 of the Risk Management Policy document.

Moved by Director Blom, seconded by Director Wenger, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Byrd, Campbell, Mensinger and Wenger

Noes: Director None

Absent: Director None

The President declared the resolution adopted.

o0o

I, Angela Cartisano, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the twenty-fourth day of May 2016.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

*Complete all fields including resolution, if applicable.*

**Meeting Date:** May 24, 2016

**Subject:** Risk Management Policy

**Recommended Action:** Adopt resolution approving version 5.0 of the Risk Management Policy.

**Background and Discussion:**

MID's Power and Natural Gas Hedging Program operates within the limitations set by the MID Board in the Risk Management Policy ("Policy"). The Policy was adopted in 1998 and has been updated several times to reflect changes in energy markets, changes in the District's supply mix and to incorporate industry best practices.

The Policy provides staff the authority to execute short-term hedging transactions in accordance with the goals set forth within the Policy, namely reducing volatility and providing price certainty in energy rates. Staff operates within the limits set forth in the Policy, specifically, position and value-at-risk limits.

The last change to the Policy was in April 2013. Staff is now proposing further revisions to the document that are routine in nature, mainly refining the document to reflect updated procedures. The proposed changes are summarized below:

- Update the value at risk limit to the current rate (\$3.4M) and reset the adjustor to 1.0.
- Change the name of the group that has authority for setting and approving procedures of the Policy from Oversight Committee to Risk Oversight Committee.
- Set the frequency of reports from monthly to bi-monthly and consolidate reporting from the Oversight and Management Team to the Risk Oversight Committee.

**Alternatives, Pros and Cons of Each Alternative:**

1. Do not accept changes to the policy  
 Pros: Existing policy that has worked well remains in place, no additional work to update document.  
 Cons: Document does not reflect latest procedures and current reporting practices.

2. Accept changes to the policy  
 Pros: The document is updated and reflects current practices .  
 Cons: None.

**Concurrence:** Electric Resources, Transmission & Distribution, Finance, Risk Oversight Committee.

**Fiscal Impact:** The proposed changes to the Risk Management Policy do not have a fiscal impact.

**Recommendation:** Adopt the proposed resolution approving revisions to the Risk Management Policy

**Attachments:** Supporting documents attached:



Presentation       Other supporting docs       None attached

*Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.*

Details listed above are accurate and complete to the best of my knowledge.

<b>Presenter</b>
<i>Jimi Netniss</i>
Jimi Netniss
5/6/16
Date Signed

<b>Asst. General Manager</b>
<i>Scott Van Vuren</i>
Scott Van Vuren
5/6/2016
Date Signed

<b>Interim General Manager</b>
<i>Greg Salzer</i>
Greg Salzer
5/16/16
Date Signed

**RESOLUTION NO. 2013-30**  
**APPROVING MODESTO IRRIGATION DISTRICT'S**  
**RISK MANAGEMENT POLICY DOCUMENT VERSION 4.0**

WHEREAS, the District participates in markets for energy and related products by buying, selling, and exchanging natural gas, environmental credits, emission allowances and electrical energy, including related and/or derivative attributes of transportation, transmission, capacity, and price; and

WHEREAS, the District's participation in these markets results in financial risks arising from factors such as: varying price levels, uncertainty in the estimates of loads and hydroelectric supplies, imperfect reliability of suppliers, and the possibility of human error or malfeasance; and

WHEREAS, to manage and control these risks, the District has established a risk management program including a Risk Management Policy document, the most recent version of which, Version 3.0, was adopted by the Board of Directors on February 9, 2010; and

WHEREAS, to enhance the risk management program, the District has identified certain improvements and updates to the Risk Management Policy.

NOW, therefore, BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby adopt Version 4.0 of the Risk Management Policy document, reaffirming the delegation of authority for operating personnel to execute transactions subject to the controls of the Policy, and including the following Policy changes among others:

- (a) Enabling the continued ability to execute the transaction types approved by the Policy, in the Dodd-Frank Act regulatory environment, by establishing processes for Qualified Independent Representatives and authorizing traders to make certain representations and agreements for reporting under the Act.
- (b) Increase the specificity of position limits by capping the amount of exposure that can be covered with options at 15 % and by defining a correction factor of 0.95 applicable to wind generation forecasts in the calculation of net exposure.

Moved by Director Van Groningen, seconded by Director Wild, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Byrd, Van Groningen, Warda and Wild

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Pat Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board of Directors held the 23rd day of April 2013.



Secretary of the Board of Directors  
of the Modesto Irrigation District

*Complete all fields including resolution, if applicable.*

**Meeting Date:** April 23, 2013

**Subject:** Risk Management Policy

**Recommended Action:** Resolution adopting Version 4.0 of the Risk Management Policy Document.

**Background and Discussion:**

The Risk Management Policy (RMP) controls the District's participation in the short- and intermediate-term energy markets. The RMP has been periodically enhanced and revised since the original version was adopted in 1998. Further revisions are now needed to conform the RMP to the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). It has been three years since the last revision, and staff is also seeking to freshen and streamline the document, and to better define the position limits. The proposed changes are summarized as follows:

- Add roles, responsibilities and processes for Qualified Independent Representatives (QIRs) as required by the DFA. It is not envisioned that this will involve hiring a consultant or creating a new position. The QIR can be a District employee; the Pricing/Risk Management Administrator is expected to perform the function initially. The purpose of the QIR is to ensure that the District sufficiently understands any transaction in which the counterparty is a financial institution.
- Authorize traders to agree to reporting responsibilities and make representations as to the District's hedging status and entity type under the DFA. Authorize risk management to accept credit enhancement (e.g., guarantees, margin) from counterparties.
- Freshen and streamline the document. Update examples (e.g., term and tenure explanation), reset adjustor for Value-at-Risk limit, clarify and shorten the writing. Remove background and overview material from the Board-adopted policy.
- No change to value-at-risk or "percent covered" position limits for hedging; however, make the following enhancements and clarifications. Cap the amount of exposure that can be covered with options at 15%, simplify the effectiveness test for options, and define a correction factor (0.95) to apply to wind generation in the calculation of net exposure.

The proposed changes to the RMP will not change the District's risk exposure or allow staff to do any new kinds of transactions. Rather, the changes will allow staff to continue to perform existing activities in the new regulatory environment.

**Alternatives, Pros and Cons of Each Alternative:**

Alternative: Do not revise the RMP at this time

Pros: Save effort associated with revising the policy

Cons: Lose access to financial energy supplies and suppliers

**Concurrence:** Risk oversight team (AGMs of Finance, Electric Resources, and Transmission and Distribution)

**Fiscal Impact:** There is no fiscal impact for the proposed resolution. The alternative of not dealing with financial institutions would increase costs and risks to the District by an uncertain amount.

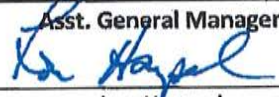
**Recommendation:** Resolution adopting Version 4.0 of the Risk Management Policy Document.

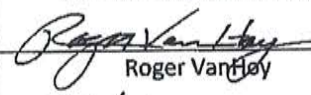
**Attachments:** Supporting documents attached:  
 Presentation       Other supporting docs       None attached  
*Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.*

Details listed above are accurate and complete to the best of my knowledge.

Presenter

Scott Van Vuren
4-15-2013
Date Signed

Asst. General Manager

Lou Hampel
4/15/13
Date Signed

Interim General Manager

Roger Van Hoy
4/16/13
Date Signed

**RESOLUTION NO. 2010-16**  
**APPROVING REVISIONS TO THE MODESTO**  
**IRRIGATION DISTRICT'S RISK MANAGEMENT POLICY**

WHEREAS, the District participates in energy markets by buying, selling, and exchanging power generation fuel and various electricity products, including electrical energy, capacity, transmission, and ancillary services; and

WHEREAS, the District expects that it will, as a result of current regulatory and legislative initiatives, also have to deal in tradable energy-related attributes for environmental and reliability compliance; and

WHEREAS, the District's participation in energy markets and related markets results in financial risks arising from the following factors, among others: varying prices for energy, uncertainty in the estimates of loads and hydroelectric supplies, imperfect reliability of suppliers, and the possibility of human error; and

WHEREAS, to manage and control these risks, the District has established a risk management program which currently includes Version 2.2 of the Risk Management Policy document, which was approved by the Board of Directors on January 22, 2008; and

WHEREAS, in order to enhance this program, the District has identified certain improvements and updates to the Risk Management Policy.

NOW, therefore, BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby adopt Version 3.0 of the Risk Management Policy document, including the following changes among others:

- (a) Expand the trading authority delegations to include energy-related attributes such as emission credits and renewable energy credits.
- (b) Revise the position limits as shown in Exhibit 1.
- (c) Make a corresponding 50 percent increase to the Value-at-Risk.

Moved by Director Van Groningen, seconded by Director Wild, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Hensley, Kidd, Van Groningen, Warda and Wild


Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Pat Mills, Secretary of the Board of Directors of the MODESTO IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 9th day of February 2010.

  
Secretary of the Board of Directors  
of the Modesto Irrigation District

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**Meeting Date:**

**Tab No.**

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**Subject:** Risk Management Policy

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**Recommended Action:** Adopt a resolution approving revisions to the Risk Management Policy

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### **Background and Discussion**

In 1998, the Board established a program to manage and control the risks resulting from the District's participation in the energy markets. This included the adoption of a Risk Management Policy (RMP) document. The initial RMP was developed in consultation with PriceWaterhouseCoopers. The RMP does the following:

- Defines roles and responsibilities
- Authorizes certain energy transactions; prohibits others
- Requires staff to limit exposure to market prices
- Sets forth reporting requirements

The RMP is a living document. It has been amended through the years to reflect changes in the energy markets, changes in the District's supply portfolio, and changes in the organization. The last revision was in January 2008.

Staff now recommends further revisions and refinements to the RMP. These changes would do the following:

- Expand the trading authority delegations to include energy-related attributes such as emission credits and renewable energy credits. This is recommended so that the existing risk controls can be used in the procurement of compliance attributes for new programs related to reliability and the environment.
- Decrease the hedge percentages (position limits) for power and natural gas and make a corresponding increase in the value-at-risk limit. This is recommended in order to decrease the risk of stranded costs and the risk of having to post large amounts of collateral on hedging contracts.
- Enhance and clarify risk controls. This version of the RMP explicitly requires several things that the District has already been doing: phone transactions shall be done on recorded lines, traders shall provide copies of deal confirmations to risk management, and risk management shall obtain pricing data directly from market sources (not the District's traders).
- Streamline the document and eliminate Volume III, the Risk Measurement Technical Document that PriceWaterhouseCoopers had produced in 1998. This is recommended make the RMP document easier to use and to eliminate obsolete material.

In further discussion of the decrease in hedge percentage, the District currently covers 80% of

its power and natural gas price exposure going into a calendar year. For natural gas, the District builds its portfolio systematically beginning four years before the active year. This gives rise to an “80/60/40/20” limit structure in which we have 80% covered one year out, 60% two years out, etc. Staff is now proposing to reduce all of these figures by 10%, that is, to a “70/50/30/10” structure. This would give the District more opportunity to participate in low spot market prices (but expose the District to more risk if prices increase). The real reasons why staff is recommending the change, however, is that it will decrease the risk of stranded costs and the risk of having to post large amounts of collateral on hedging contracts. These risks are becoming more important as the state prepares for another attempt at deregulation.

In addition to the percent coverage limits, the RMP contains a Value-at-Risk (VaR) limit, which staff uses to manage the portfolio during the active year. VaR dynamically measures the risk of the unhedged portion of the portfolio as market conditions change. Reducing the percent coverage makes the VaR go up. Specifically, if the District enters a year 70% hedged, instead of 80%, that means we have gone from 20% unhedged to 30% unhedged. This would be a 50% increase in the unhedged portion of the portfolio. Staff therefore recommends that the VaR limit be increased by 50% to maintain the balance between the percent coverage limits and the VaR limit.

### **Alternatives/Pros and Cons of Each Alternative**

#### Do Nothing

Pros: Existing policy, which has generally achieved its goals, remains in place.

Cons: District could struggle with collateral posting requirements.

#### Approve the proposed amendments to the Risk Management Policy

Pros: Keep the Risk Management Policy fresh; more opportunity to participate in low spot prices; reduce the risk of stranded costs.

Cons: More exposure to price spikes.

### **Concurrence**

Resources

### **Fiscal Impact**

No new spending required. Will improve fiscal controls.

### **Recommendation**

Adopt the proposed resolution approving revisions to the Risk Management Policy.

### **Attachments**

Draft resolution; Draft Risk Management Policy Version 3.0, Volumes I and II.

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Presenter

Asst. General Manager

General Manager

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Scott Van Vuren

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Lou Hampel

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Allen Short