

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

September 12, 2012

The Board of Directors of the Nevada Irrigation District convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 12th day of September 2012 at 9:05 a.m.

Present were Nick Wilcox, President; Jim Bachman, Vice-President; Nancy Weber, John H. Drew and W. Scott Miller, Directors.

Staff members present included Ron Nelson, General Manager; Tim Crough, Assistant General Manager, Jim Malberg, Finance Manager; Gary King, Chief Engineer; Bill Morrow, Hydroelectric Manager; Yvonne DuBose, Human Resources Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

PUBLIC COMMENT - Baker

Steve Baker, 13975 Wings of Morning Drive, thanked the Board and stated that his experience during construction of the Lower Cascade Canal / Banner Cascade Pipeline Project was positive. Teichert Construction was "dynamite." As in any big construction project, there are unknowns. He is thankful for having treated and raw water and improved fire protection. There was a great deal of "massaging, but everything worked out great, and it is because of everyone present in this room."

President Wilcox stated that he drove through the area the other day, and he feels that the road looks wonderful considering what it had looked like during construction.

MINUTES – August 22, 2012 Regular Meeting

Approved the Minutes of the Board of Directors' regular meeting of August 22, 2012 as submitted. M/S/C Weber/Bachman

EMPLOYEE RELATIONS – Nelson Retirement (Res. No. 2012-30)

Adopted Resolution 2012-30 (Resolution of Appreciation upon Retirement – Ronald S. Nelson) after 10 years of service to the District. M/S/C Weber/Bachman

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PURCHASE OF EQUIPMENT – Generator Replacement at the Yuba-Bear Hydroelectric Project

Approved purchase of a 35kw Standby Generator for the Yuba-Bear Hydroelectric Project in the amount of \$58,250 plus applicable taxes and freight, approved the associated budget amendment, and authorized the General Manager to execute the necessary documents. M/S/C Weber/Bachman

WARRANTS

Approved the following warrants: Yuba-Bear Revolving Fund Nos. 24828 through 24896, inclusive; General Fund Revolving Account Nos. 58821 through 59039, Nos. 58609, 55888 and 54825 being void; Recreation Fund Nos. 3453 through 3500, No. 3405 being void; and Payroll Direct Deposit and Warrant Nos. 64509 through 64670, inclusive. M/S/C Weber/Drew

RECRUITMENT PROCESS – General Manager

Ron Nelson, General Manager, informed the Board that a contract has been executed to retain the services of Stuart Satow, CPS HR Consulting, for the recruitment of a new General Manager.

Mr. Satow distributed copies of the recruitment schedule, proposed selection criteria, advertising sources and a form to complete regarding key issues and priorities facing a new General Manager. He would like the Board to review the criteria, and to discuss key issues so he can proceed with the recruiting process.

Mr. Stuart stated that the formal interview process is scheduled for the week after Thanksgiving. He asked the Board to confirm the actual dates, and the Board confirmed that the dates of November 27 and 28 would be set aside to interview candidates.

Director Miller asked how many candidates would be presented and if Mr. Satow would screen the applications prior to the date candidates are presented.

Mr. Satow explained that his firm will receive all of the resumes and application materials. The final filing date as proposed is October 22, 2012. He will then review the applications and trim the list down to a group that he will conduct preliminary interviews with (about one hour for each candidate). What that number is he does not know. Typically, he will interview 10 to 15 candidates. He will meet with the Board during the week of November 5 to discuss the candidates, with the intent for the Board to narrow the list down to the candidates the Board would like to invite for a formal interview. A typical number to interview is about six candidates. The Board could interview three candidates on November 27 and three on November 28. He will facilitate the process until the Board comes to an agreement on the top candidate. He noted that there will need to be a discussion regarding whether or not the District will pay for traveling expenses for the candidates.

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Director Weber asked if the applications will be mailed to Mr. Satow's office.

Mr. Satow responded affirmatively and added that applications are typically e-mailed to him at cps.ca.gov.

Director Bachman asked if the filing period to submit applications is enough time.

Mr. Satow explained that the recruitment schedule is a typical schedule. Once the brochure has been posted and the ads placed, he likes to have four weeks to allow enough time for potential candidates to consider the opportunity.

Proposed selection criteria (as presented at the Board meeting of August 22, 2012):

- Demonstrated professional integrity
- Demonstrated managerial skills appropriate to the size and needs of NID
- Experience in water, hydroelectric or similar utility experience
- Education at baccalaureate level or advanced in a related field
- Demonstrated involvement in a local community
- Demonstrated experience as a hands-on manager with an agency of 150 or more employees
- Demonstrated experience with fiscal management of budget in the \$60 to \$100 million range
- Strong communication skills
- Political awareness of issues relevant to NID
- Desire to place internal needs of NID as an agency ahead of external, perhaps political needs
- Keeps abreast of current trends in water and hydroelectric
- Strong fiscal/budgetary experience during ongoing difficult economic times
- *Interest in providing positive customer service (added by Director Weber)*
- *Strong administrative managerial skills (added by President Wilcox)*

Mr. Satow stated that the District is involved in water and hydroelectric, and asked the Board how important is it for a candidate to have experience in both areas.

Director Drew stated that having experience in both areas is desirable, but not critical.

Director Weber agreed.

President Wilcox stated that if the candidate has strong administrative experience, it would not be essential that they have direct experience in water or hydro. It would be preferable, but not absolutely necessary.

Director Miller agreed.

President Wilcox stated that if he had to prioritize, he would prioritize water experience ahead of hydroelectric experience. It will probably be difficult to find candidates that have experience in both areas.

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Director Miller expressed concern regarding the discharge (screening) of candidates. He stated that Mr. Satow will “not need to live with this person.” He stated that if 10 candidates apply, they should all be brought to the Board. If there are 25 candidates, he wants to know what the discharge criteria would be. With regard to the selection criteria, it is far from polished. He asked why there are restrictions to the size of budget and the number of employees. He feels that the criteria does not need to be so rigid. There has been a great deal of discussion during the last few years about the shape of the District’s organization chart. There is an opportunity for the Board to groom and select a General Manager that will execute what the Board wants. The style of the General Manager is important, as well as where the District has been and where it is going with regard to employees. Managing revenues is also a critical component.

Mr. Satow stated that he would not recommend placing specific dollar amount in terms of budget. He would suggest stating that interested candidates have experience in a comparably sized agency. More general terms should be incorporated in the advertisement. If the Board desires, he could prepare a matrix for the Board’s review once the filing date is closed that will include the candidate’s name, where they live, current position, past positions, education and salary. He would develop groupings in the matrix based on observations of the candidates. He would need the Board to provide input on the matrix with a quick turnaround in order to stay on schedule with the recruiting process.

President Wilcox relayed an experience that his wife had as President of a School Board. The Board was involved in a search for a superintendent and retained a search firm to assist with the process. After reviewing the list of recommended candidates, the Board ended up going back to those candidates that did not make the list and found what has turned out to be the ideal candidate for their District. He asked Mr. Satow if the Board will have access to the pool of candidates at least at some level. If candidates are eliminated before the Board sees them, then the Board will never know who was missed.

Mr. Satow stated that the process he just described regarding a matrix will achieve what President Wilcox is looking for. There will not be the volume of paper, but there will be a summary of the candidates provided to the Board, but he reiterated that he will need the Board to review the matrix with a quick turnaround.

The Board agreed that a matrix should be provided with each candidate that applies for the position.

Director Weber suggested that the Board set aside time during the Board meeting of October 24 (at 9:00 a.m. in a closed session) to review and discuss the matrix.

Mr. Satow stated that it would be his intent to prepare the matrix and e-mail the matrix to the Board of Directors the morning of October 23.

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Director Miller stated that the Board is being given artificial time constraints that affect the Board's decision making. He believes that the acting General Manager will be in place for at least six months. He asked why the new General Manager needs to be hired in January 2013.

Director Bachman stated that this is a target, and that a General Manager may not be selected by then.

Mr. Satow explained that there is no artificial pressure for the Board to select the General Manager. The proposed timeline for the recruitment is a typical timeline, but he can be flexible, based on the results of the application filing process.

Director Bachman asked if there will be a change to Mr. Satow's contract if the recruitment is extended.

Mr. Satow explained that there will be no change to the professional fees, but there will be reimbursable expenses the District will be responsible for. He pointed out that if the recruitment is extended beyond six months, the contract with his firm will need to be re-evaluated.

President Wilcox informed the Board that the Interim General Manager's contract will be placed on the Board of Directors' agenda of September 26.

Director Weber expressed concern about staff support for Tim Crough, as Interim General Manager, and asked if there is a plan. She is not comfortable having Mr. Crough take on additional responsibilities while not knowing if he has the Staff support that he needs.

Jeff Meith, District Counsel, stated that this matter should be placed on the Board of Directors' agenda for September 26, 2012.

Discussion ensued regarding compensation for the new General Manager. Based on a difference of opinion among the Board members, no decision was made at this time because the matter warrants further discussion. Mr. Satow pointed out that the advertisement can state that the salary is negotiable depending on qualifications. For those candidates who ask about salary, Mr. Satow can provide the salary of the current General Manager.

The discussion of key issues and priorities of a new General Manager was continued to later in the meeting. The information will be e-mailed to Mr. Satow after the meeting.

COMBIE PHASE I CANAL AND BEAR RIVER SIPHON REPLACEMENT PROJECT – Preliminary Review & Initial Study (Res. No. 2012-31)

Doug Roderick, Senior Associate Engineer, stated that the Combie Phase I and Bear River Siphon are the main facilities that feed south Nevada County and Placer County with raw water. These facilities are 40 years old, and the District has and continues to

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have to address problems associated with these facilities. Mr. Roderick provided the following presentation:

Reasons for Project:

- Water supply reliability
 - Main raw water supply for south Nevada County and Placer County
 - Raw water supply for Lake of the Pines and North Auburn Treatment Plants
- Facility built in early 1970's
- Failure risk
 - Previous failures
 - Wall separation/leaning
 - Base settlement/fill areas
 - Leakage
 - Trees/rocks

Initial Study:

- Initial Study/Proposed Negative Declaration went out for public review on July 23, 2012
 - Advertised in The Union and Auburn Journal
 - Copies posted on NID website and at District's main office
 - Held a public meeting on August 23, 2012 (Notification was by letter to property owners in close proximity to the Project site)
- As part of the Initial Study, several surveys were conducted
 - Biological/Botanical/Habitat Assessment Surveys
 - May 29, 2009
 - July 23, 2009
 - May 7, 2010
 - December 22, 2010
 - February 5, 2011
- Cultural Resources
 - Reconnaissance Level Survey performed December 22, 2010
 - Native American Heritage Commission (Site visit April 19, 2011)

Mitigation Measures:

- AES-01: Design Bear River Crossing to be aesthetically similar to existing crossing and minimize impacts to adjacent hillsides
- AES-02: Use appropriate soils and re-vegetate disturbed slopes
- AIR-01: Prepare and implement a Dust and Emissions Control Program
 - Compliance with Northern Sierra Air Quality Management District (NSAQMD) and Placer County Air Pollution Control District (PCAPCD)
 - Best Management Practices
 - Water trucks
 - Covering load
- BIO-01: Environmental Awareness Training
 - USFWS approved monitor gives training to contractors
 - Environmental training pamphlets on site

- BIO-02: Exclusion fencing adjacent to actively flowing water or slow moving water with emergent vegetation within 100 feet of construction areas
 - Survey performed two weeks prior to start of construction
 - Trash/construction site housecleaning
 - Fuels/lubricants/equipment storage areas located outside of any stream channels and equipment working near stream will be checked and maintained daily to prevent leaks
- BIO-03: Avoid disturbance of nesting special-status migratory birds and raptors
 - Construction during breeding season; survey will be conducted prior to construction
- BIO-04: Avoid/minimize tree removal
- BIO-05: Avoid site wetlands
 - May need to apply for Clean Water Act (CWA) Section 404 nationwide permit
- BIO-06: Compensation for direct impact to wetlands
 - Comply with current Corps compensation schedule
- “Leaky Ditch” Wetlands:
 - Definition: A “leaky ditch” wetland is an area down slope from an irrigation ditch that meets the definition of wetlands in accordance with the Corps I Wetland Delineation Manual where the hydrology is due solely to leakage from the ditch
 - Corps Policy: Wetlands created solely by leakage from irrigation ditches will be considered “artificially irrigated wetlands;” accordingly, such wetlands will not be considered waters of the US; where there is uncertainty regarding the source of hydrology for the wetland, we will assume that the wetland is supported, at least partially, by natural hydrology unless clearly demonstrated otherwise; in such cases the wetland would be jurisdictional until show to be due solely to a leaky ditch
- CULT-01: Proper handling of inadvertent discovery of cultural resources
- CULT-02: Proper handling of inadvertent discovery of human remains
- GEO-01: Sedimentation and erosion control measures
 - Storm Water Pollution Prevention Plan (SWPPP)
- GHG-01: Greenhouse gas emissions control program
 - Construction diesel engines will meet Tier 2 standards
 - Compliance with the Environmental Protection Agency and California Air Resources Board (CARB) and Nevada and Placer County in relation to greenhouse gas emissions
- HAZ-01: Prepare fire suppression and control plan
- HYD-01: Avoid/minimize potential impacts from construction material release
 - Spill prevention plan and Best Management Practices
- HYD-02: Develop or use current spill prevention control and countermeasure plan (SPCCP)
 - SPCCP and Best Management Practices
- NOISE-01: Noise reduction measures
 - Work hours
 - Muffled exhaust
 - Shutting down of idling equipment
- TR-01: Restore road to existing condition

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- TR-02: Prepare plan for traffic control, including emergency access
- TR-03: Notify residents of local construction schedule and access restrictions

Comments:

- Agency Correspondence
 - Department of Safety of Dams
 - Regional Water Quality Control Board
- Public Comments
 - Access/Trespassing and Property owner access
 - Trash/Fire Hazard training
 - Combie North Powerhouse vibration
 - Oxygen levels of water in pipe
 - How will surface water currently intercepted by canal be dealt with
 - Impacts due to elimination of canal leakage

Leakage:

Month	Leakage (GPM)	Leakage (CFS)	% of 5 CFS Release
April	6.1	.01	0.2
May	20.01	.04	0.8
June	13.3	.03	0.6
July	11.1	.02	0.4
August	13.0	.03	0.6
September	8.1	.02	0.4
October	2.2	.005	0.1

Note: Leakage based on 3 year average of estimated leakage.

Mr. Roderick stated that the Project is a multi-year Project and work will only be conducted during the winter months. There will be two 60-inch pipelines, running parallel in the existing canal with a high density fill material. The Project is designed for 360 cfs of water, but the District will only put 180 cfs of water in the pipe. If the District wants to put 200 cfs (the Raw Water Master Plan figure) into the pipe, then it would be necessary to go back to the dam and tie in at the powerhouse to be able to utilize the head from the dam to push the water through the pipe. Amounts of water above, 200 cfs requires the District to design a new way of bringing water from the dam.

President Wilcox asked if this is done, would the District lose the effectiveness of the Combie North Powerhouse.

Mr. Roderick explained that for this portion of the Project, there would be no difference. If 200 cfs is put into the pipe, it will be necessary to tie into the powerhouse, and there will be some loss, but it will be relatively small.

President Wilcox opened the public hearing.

Hearing no testimony, President Wilcox closed the public hearing.

Director Miller asked if there is a budget for the Project.

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Mr. Roderick stated that there is not budget currently for this Project. Once the California Environmental Quality Act (CEQA) process is completed, the design of the Project can commence.

Director Bachman asked if the canal has a concrete bottom, and Mr. Roderick responded affirmatively. Director Bachman suggested installing French drains underneath the pipes.

Director Drew stated that this would be a good idea.

Mr. Roderick stated that drains will be installed in the canal.

The Board Secretary confirmed that no additional correspondence was received by the District.

Adopted Resolution No. 2012-31 (Adopting a Mitigated Negative Declaration and Approving Project – Combie Phase I Canal and Bear River Siphon Replacement Project). M/S/C Miller/Drew

LOS LOMAS BOAT LAUNCH FACILITY REPAIR PROJECT – Preliminary Review & Initial Study (Res. No. 2012-32)

Tim Crough, Assistant General Manager, stated that the Project has been discussed during several meetings with the Maintenance and Resource Management Committee, at the request of the Los Lomas Improvement Club. The boat ramp is at the end of a peninsula, has been in existence for approximately 40 years, and is used exclusively by the Los Lomas Improvement Club which includes the surrounding property owners of the peninsula. At times, the District has been able to use the boat ramp as one of the only sources to launch the District's dive boats when the dam needs to be inspected.

For the past three years, the District has been working with the Los Lomas Improvement Club to make repairs to the existing boat ramp. In 2009, the Los Lomas Improvement Club asked the District to approve certain repairs to the existing ramp. At that time, the District was engaged with Sonoma State University for Cultural Studies at Combie Reservoir. Consequently, the District was aware that Native American artifacts may be in the vicinity of the proposed project; therefore, a detailed cultural investigation and environmental studies were needed before the District could approve the Los Lomas Improvement Club's request. Also, since the District used the ramp periodically for lake access in the past, Staff recommended that the District participate in the project cost, in exchange for continued use of the ramp by the District.

On July 19, 2012, the District completed the Initial Study, and on July 21, 2012, a notice of intent to adopt a Mitigated Negative Declaration was published in The Union. The purpose of the Project is to provide a safer and more useable boat launching facility by widening the existing boat ramp while providing a more delineated boat launching, tow vehicle, maneuvering area without disturbing existing trees and on-site Native American cultural resources. Construction is anticipated to begin this month (upon receipt of the

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appropriate permits) and the work will be done by volunteers. Three foot diameter rocks will be placed along the ramp to prevent vehicles from disturbing the surrounding area.

Mr. Crough pointed out that a Use Agreement for the boat ramp will be presented to the Board on September 26, 2012 which will allow the District to use the ramp without having to ask permission of the Los Lomas Improvement Club. A draft of the Use Agreement was provided in the agenda packet but is not to be acted on by the Board at this time. Changes that were discussed at the Maintenance and Resource Management Committee meeting and comments by District Counsel will be included in the Use Agreement for the September 26, 2012 Board of Directors' meeting.

The Board Secretary confirmed that no additional correspondence was received by the District.

President Wilcox opened the public hearing.

Hearing no testimony, President Wilcox closed the public hearing.

Jeff Reid, Los Lomas Improvement Club, was planning on being in attendance at this meeting, but is not in the audience. He has not indicated any objections to the Project.

Director Drew asked if the Sheriff uses the boat ramp.

Mr. Crough responded affirmatively, and added that use by the Sheriff will be included in the Use Agreement to be considered by the Board at the next meeting.

Adopted Resolution No. 2012-32 (Adopting a Mitigated Negative Declaration, Mitigation Monitoring Reporting Plan and Approving Project – Los Lomas Boat Launch Facility Repair Project). M/S/C Weber/Miller

LOWER CASCADE CANAL / BANNER CASCADE PIPELINE PROJECT – Seeding on Wings of Morning Drive

Gary King, Chief Engineer, presented a recommendation from the Engineering Committee to use the following seed mix on Wings of Morning Drive:

For sun and semi-shade areas:

- Achillea millefolium (yarrow), 5 pounds/acre
- Festuca rubra (red fescue), 8 pounds/acre

Add to the above in sunniest areas:

- Eschscholzia ca (California Poppy), 1 to 2 pounds/acre
- Lupinus nanus (dwarf lupine), 1 to 2 pounds/acre

He noted that the basket grass has been removed from the seed mix design because it grows too high.

The property owners expressed concern about allergies and potential fire hazards. Some property owners believe that there should be no seeding (tackifier only). Under

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the District's storm water permit, there must be 75 percent growth and native plants must be allowed to grow. Prior to construction on Wings of Morning Drive, the native plants were Scotch Broom, etc. If Scotch Broom appears over a two-year period, the District will be required to pull the Scotch Broom and remove it. Additionally, the District would be responsible for any shifting in mud, etc. The seed mix has been proven to be successful in other areas of the Project.

Marty Hartzell, Central Valley Regional Water Quality Control Board, sent the District an e-mail (included in the agenda packet) indicating that the use of a tackifier is an option; however, the final decision is to be made by the District.

Director Weber stated that she would equate planting grass in this area to star thistle in agriculture areas. This has been an issue since the beginning of the Environmental Impact Report. All of the facts have not been presented. She is tired of this issue and the neighbors are tired of this issue. If the property owners do not want the seed mix, they will have to assume the responsibility of erosion problems. Property owners are reluctant to do so. This is very disrespectful to the property owners, but if this is the will of the Board, then so be it.

Director Drew stated that he cannot draw any parallels between star thistle and red fescue – one is native and one is not. Using only tackifier does not offer the degree of protection that the seed grass mix does.

Director Drew made a motion to approve seeding approach for Wings of Morning Drive (Lower Cascade Canal / Banner Cascade Pipeline Project) as stated above. Director Bachman seconded the motion.

Motion passed on the following roll call vote:

Division I	No
Division II	Aye
Division III	Aye
Division IV	Aye
Division V	Aye

BANNER-TAYLOR RESERVOIR RESTORATION PROJECT – Update

Doug Roderick, Senior Associate Engineer, presented photographs of construction on the Banner-Taylor Reservoir Restoration Project. The Project to date is under budget and on schedule. The first tank should be in service mid to late May of 2013, and construction on the second tank should commence in April 2014.

ASSEMBLY BILL 685 (Eng) - Update

Ron Nelson, General Manager, reported that AB 685 has been passed by the Legislature. AB 685 (Eng) would declare that it is the policy of the state that every human has the right to clean, affordable, and accessible water on an equitable basis that is adequate for the health and well-being of the individual and family. The District

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has submitted letters to Governor Brown and Assemblyman Logue in opposition to this legislation. The bill would create real dilemmas to water purveyors.

Director Miller added that AB 685 is ill-defined and a poorly written bill, and noted that the State would not be liable for any problems associated with this bill.

FEDERAL ENERGY REGULATORY COMMISSION (FERC) - Update

Ron Nelson, General Manager, reported that filings were made to FERC by August 30, 2012 and issues were resolved that were subject to evidentiary hearings. Also, extensive work has been done with the Forest Service with regard to resolving a broad range of issues around recreation.

The District will be paying special attention to comments made by the National Marine Fisheries Service and the Yuba County Water Agency. Responses will be due September 14, 2012. The Yuba County Water Agency is asserting that if in their proceedings more water will be required to be released in the Lower Yuba, then PG&E and the District should be obligated to provide some of that water. He feels that this is inconsistent with the agreements with Yuba County Water Agency, and is inconsistent with water rights in general.

Mr. Nelson stated that at this point, the District does not support a block flow in the Middle Yuba River.

Mr. Nelson clarified that the Bear Yuba Land Trust were not signatories to the filing made by the Foothill Water Network regarding the District's license proceedings. The Trust's goal is to work collaboratively with the District.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Joint Powers Insurance Authority: Selection of Member Director and Alternate Member Director

Appointed Director Weber as Member Director and Tim Crough as Alternate Member Director to the Association of California Water Agencies Joint Powers Insurance Authority. M/S/C Drew/Bachman

LOWER CASCADE CANAL / BANNER CASCADE PIPELINE PROJECT - Compliment By Director Weber Regarding Wings Of Morning Drive

Director Weber stated that she drove Wings of Morning Drive about eight days ago, and it looks beautiful. There have been a number of improvements made since the recent walk through. She complimented Gary King, Chief Engineer, on the results.

MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION - Meeting

Director Miller announced that there will be a Mountain Counties Water Resources Association meeting on September 18 in Loomis. A presentation will be made by Tim Quinn regarding water and agriculture in Northern California.

Director Weber stated that she will be attending the meeting.

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FIELD TRIP – Teichert Plant in Sacramento

Director Miller reported that he attended a field trip with Director Drew, Ron Nelson and Tim Crough to the Teichert Plant in Sacramento to look at the dredging project that they are working on. The purpose of the field trip was to learn more about equipment that could be used for the District's Mercury Remediation Project. After the meeting with Teichert, there was discussion about purchasing/leasing equipment from a dredging company in Canada.

CLOSED SESSION was declared at 11:50 a.m. pursuant to Government Code Section 54957.6 to provide direction to the District's designated bargaining representatives – Nelson, District Counsel, Miller and/or Weber – regarding 2012 salary/benefit/working conditions.

MEETING RECONVENED in regular session at 1:03 p.m.

RECRUITMENT PROCESS – General Manager (Continued Discussion from Earlier in the Meeting)

The Board continued their discussion from earlier in the meeting regarding Key Issues and Priorities facing a new General Manager. After discussing several ideas, the Board agreed to submit the following six items to Stuart Satow, CPS HR Consulting:

- 1) Balance needs of the District to meet the needs of its customers with fiscal realities facing public agencies
- 2) Continue with Strategic Planning and embark on Long-Term Plan and Capital Improvement Plan
- 3) Work with the Board to maintain high caliber and motivated work force
- 4) Maintain good community relations
- 5) Navigate increasingly regulated environment
- 6) Maintain excellent stewardship with District and watershed

CLOSED SESSION was declared at 1:55 p.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Nelson, Morrow, Sindt and Meith regarding price and terms of payment for acquisition and sale of rights in real property; properties subject to negotiations:

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- South Yuba Canal, Chalk Bluff Canal, Deer Creek Powerhouse; flowage/wheeling rights in Drum Canal, Bear River Canal, Wise Canal, and South Canal (all owned by PG&E)
- Flowage Rights in Bowman-Spaulding Canal, Fall Creek Flume, Dutch Flat Flume, and Chicago Park Flume; right to storage in Rollins Reservoir (all owned by NID)

Persons with whom negotiations will be conducted: PG&E Management.

CLOSED SESSION was declared at 1:55 p.m. pursuant to Government Code Section 54956.9(a) to confer with Legal Counsel – Existing Litigation – Bingaman v. Nevada Irrigation District; Nevada County Case No. 78684.

CLOSED SESSION was declared at 1:55 p.m. pursuant to Government Code Section 54956.9(b) to confer with Legal Counsel – Anticipated Litigation – Claim of George Loftus.

MEETING RECONVENED in regular session at 2:54 p.m.

MEETING ADJOURNED at 2:54 p.m. to reconvene in regular session on September 26, 2012, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

Board Secretary

Attest a true record of actions had and taken at the above and foregoing meeting our presence thereat and our consent thereto.

Director
Division I

Division II

Division III

Division IV

Division V