

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

June 26, 2013

The Board of Directors of the Nevada Irrigation District and the Nevada Irrigation District Joint Powers Authority convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 26th day of June 2013 at 9:00 a.m.

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

Staff members present included Remleh Scherzinger, General Manager; Tim Crough, Assistant General Manager; Jim Malberg, Finance Manager; Gary King, Engineering Manager; Chip Close, Operations Manager; Brian Powell, Maintenance Manager; Bill Morrow, Hydroelectric Manager; Yvonne DuBose, Human Resources Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

SAFETY AWARDS

Don Bird, Safety Analyst, stated that the Manager's Award and President's Award is awarded to those employees who have achieved milestones with regard to safety.

Manager's Award:

There are 15 employees in four departments (Hydro, Engineering, Operations and Maintenance) that have demonstrated their dedication to safety by completing four Target Safety Courses over three consecutive years.

Chip Close, Operations Manager, presented the Manager's Award to John Jackson for reaching the District's Target Safety goals. Mr. Jackson could not be present because he is working on a previously scheduled water outage. Mr. Jackson is a dependable and dedicated employee. Three years ago, he was told that the goal for Target Safety was to complete four courses. Mr. Jackson accomplished this task without having to be reminded.

Bill Morrow, Hydroelectric Manager, presented the Manager's Award to Karen Blair for reaching the District's Target Safety goals. Ms. Blair could not be present to accept her

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award due to a previously scheduled commitment. He stated that Ms. Blair is a wonderful employee of the District.

Gary King, Engineering Manager presented the Manager's Award to Adrian Schneider for reaching the District's Target Safety goals. Mr. King thanked Mr. Schneider for his efforts.

Brian Powell, Maintenance Manager, acknowledged eleven employees for reaching the District's Target Safety goals:

1. Doug Andrews
2. John Brennan
3. Kenton Early
4. Chad Garvey
5. Jason Gates
6. Gerry Gnech
7. Craig Harkey
8. Jacque Longshore
9. Matt Reeves
10. Chris Ribble
11. Lawrence Sorensen

Mr. Powell stated that he will be presenting the employees with the Manager's Award at the Maintenance Department Safety Meeting on June 27, 2013.

President's Award:

Brian Powell, Maintenance Manager, recognized Gus Gramm for his life saving efforts. It was an ordinary April morning at the District, and all of the usual "suspects" gathered in the Mechanic Shop for lunch. Sandwiches were the choice of the day. One employee might have had a ham and cheese and another, a peanut butter and jelly. Andrew Rutter chose a rib-eye steak sandwich. He took a bite of the sandwich and a chunk of meat was lodged into his throat. He did not want to bother anyone, so he went to the office and drank some water. The water lodged the meat further into this throat and blocked his airway completely. He had walked back into the shop to look for help, and Mr. Gramm noticed that Mr. Rutter looked confused, and realized Mr. Rutter could not breathe. Mr. Gramm has worked as a volunteer fire fighter where he first learned the Heimlich Maneuver. He continued his training with the District's safety program. Mr. Gramm moved fast to perform the Heimlich Maneuver which dislodged the piece of meat. Soon afterwards, Mr. Rutter was breathing normally. Mr. Rutter was very grateful to Mr. Gramm's quick thinking and response to the situation, and the NID family is grateful for Mr. Gramm's actions and saving Mr. Rutter's life. Mr. Powell stated that a hero is someone who recognizes there is a problem and acts immediately and steps in to help a neighbor or a friend. The District wants to recognize Mr. Gramm for his heroic, life saving efforts that have gone above and beyond what is expected, and helping a fellow employee.

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President Bachman presented Mr. Gramm with the President's Award for safety and applauded Mr. Gramm for his actions.

Mr. Bird congratulated each department and the employees for their dedication to safety.

PUBLIC COMMENT - Loftus

George Loftus, SunSmile Farms, stated that he would like to voice his concerns. He was encouraged by the Board to file a claim and not a law suit. Through this process he has been silent, but no more. After being virtually closed last year, and again this year, he opened two weeks ago with 'Peach U Pick' from 9:00 a.m. to 2:00 p.m. on weekends. By the first Sunday, he realized that everyone thinks the problem has been resolved. He would respond no, that the problem has not been resolved. The District rejected his claim saying it was untimely. Everyone asks what is untimely. He is not sure. The District closed the door without a realistic explanation or further negotiations. After being forced to call on the District's insurance company, he can only think of the ceaseless hours he has spent preparing documentation to justify the damages to the Farm – 1,000 hours or more, four years of crop reports, financial documents, and the cost of the forensic accountant he has been hired to examine the records. Yes, he believes she was untimely. The District's insurance company sent out a forensic plant pathologist a month ago, and he and Mr. Loftus spent five hours walking the property and examining Mr. Loftus' records. The forensic plant pathologist told Mr. Loftus that he appreciated being able to meet Mr. Loftus without an attorney being present. Mr. Loftus showed him more than ten binders of records to substantiate the damages. Mr. Loftus also gave him a binder with approximately 400 pages to take with him. Knowing the extent of the material that he has to examine, Mr. Loftus would not say a month is untimely, but "now we are at a crossroad." Mr. Loftus' time is about to expire. He urged the Board to engage him as soon as possible. He wants to leave communications open to resolve this matter. He does not believe going to court is the solution, but he is prepared. From where he sits, it appears that there has been a lack of communication between District Management and Field employees. He feels that District Staff is "out of control," many of whom no longer work at the District. The Board has a moral obligation to acknowledge this matter and show responsibility that "they" have caused. He has been through two General Managers, two Maintenance Managers, and his Division Director, Nick Wilcox – all who have denied his request for help stating that it was Mr. Loftus' pipe and responsibility. Mr. Loftus' offer to Larry Markey, Maintenance Manager at the time, and Ron Nelson, General Manager at the time, was to have the District make the repair at Mr. Loftus' expense, and take up the matter of ownership later. Mr. Loftus told Mr. Markey and Mr. Nelson that this is an emergency. They refused to help Mr. Loftus and refused to provide him with documentation supporting his so call new ownership of this pipe. The damage to his Farm will take at least five years to repair no matter what the Board feels is fair compensation. Two years have already passed plus the five years to bring the trees and berries to full production which comes to seven years, and this is a long time. He is an orchardist – this is a 25 to 30 year commitment – a life's plan broken by a malicious act. Untimely. He asks what is untimely. Untimely is converting a contractual agreement the District had to provide water to his family farm for the last 70+ years to today's policy that "everything after the box is yours." Untimely

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is the unwillingness to repair a pipe in the middle of the farmer's season even at his own expense causing devastation to his field crops. Untimely is having to close a farm the following season and having to cancel all planting and return Community Supported Agriculture (CSA) checks paid to the Farm over the spring. Untimely is being denied the ability to go to a Water and Hydroelectric Operations (WHO) Committee meeting in May 2012 because the Maintenance Manager stated that WHO meetings are for the problems of the District's pipelines and service, not private lines. Untimely is the 27 days he waited to attend the next WHO meeting while watching his cherry trees defoliate and die. Untimely is the two weeks it took to repair the problem after his attorney found the documentation in District files proving the responsibility and ownership of the pipe. Untimely is his Farm being closed down for a second season this year. He asked that no more untimely actions be made on either side. Mistakes have been made and they cannot be changed. He asked the Board to please make the effort to resolve this matter. He urged the Board to take responsibility for the mistakes made by District Staff. He is hoping to resolve this matter and time is of the essence. He thanked the Board for their time and those in the audience for showing up on the behalf of SunSmile Farms. It is great to live in a community that cares. He asked everyone to be respectful of the District Board members as the audience members ask for the Board's support. The Board has expressed that they want to make this right.

PUBLIC COMMENT - Dickerson

Eric Dickerson provided baskets of peaches to the Board of Directors and the General Manager. He stated that Mr. Loftus has asked for Mr. Dickerson's assistance with community outreach. He presented a petition to the Board of Directors with 1,225 names, and there are more online. Last Monday, when he reached out to the District, he received a return telephone call from Remleh Scherzinger, General Manager. In the course of that call, Mr. Scherzinger made a statement that astonished Mr. Dickerson. Mr. Scherzinger stated the following: "Eric, I am not sure that I understand what the public expects NID to do about this issue." Mr. Dickerson stated that first of all, he thinks the public would like the District to uphold the mission statement to provide dependable, quality water, which the District has failed to do for many months in this case. He thinks the public would like the District to formally and publically acknowledge that the pipe in question was the District's property and the District's responsibility and admit that the District is negligent for all of the direct and indirect damages that SunSmile and George Loftus have suffered and continue to suffer to this day. He would like the District to quickly pay damages so that Mr. Loftus no longer has to bear the financial burden of the District's mistakes. He would like the District to stop deflecting the blame of the situation on to Mr. Loftus as was done in the news the other day and in the telephone conversation Mr. Dickerson had with Mr. Scherzinger. Mr. Scherzinger is implying that the damages are due to Mr. Loftus' neglect. The very idea that a farmer would intentionally let this happen to his orchard and farm is absurd. He would like the District to stop hiding behind legal technicalities and the District's insurance agency as a way to stall the reparation process. He would like to the Board to reassure him that the stalling that is being done is not a strategy to exhaust Mr. Loftus' legal statute of limitations, his finances or everyone's attention spans. He would like the Board to set aside the profitable thing to do in this situation, and seek the right thing to do. He would like the Board to do everything in its power to ensure that this Farm is not bankrupted by

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the Board's actions and/or inactions. He thinks that the public would like to see the District do some good here. It is said that all men are guilty of the good that they did not do. He referenced a quote by Director Wilcox in The Union yesterday: "I am concerned that this issue presents NID in a bad light. I think that George would like everyone to believe that we are hostile to farming, and that is not the case." Mr. Dickerson stated that he fully agrees with the first part of Director Wilcox's statement. This issue does present NID in a bad light. He thinks that the public is concerned that this is an accurate light reflecting the priorities and intentions of the District. He hopes that the Board can prove that wrong and show him that the local farms are the number one priority for the District. However, it is the second part of Director Wilcox's quote that he did not agree with at all. Having spent many hours speaking about this issue with Mr. Loftus, he knows for a fact that Mr. Loftus does not consider the District to be hostile to farming, nor would he like the public to believe that the District is hostile to farming. In fact, it is at Mr. Loftus' request that Mr. Dickerson make the following statement to all of Mr. Loftus' supporters: "I want to make sure that we understand and agree that NID is not the enemy. They are an organization that has made a mistake and we are here to remind them that local farms are important to this community and that local farms should be a high priority at NID. Sometimes, the right thing to do gets overshadowed by the profitable or the easy thing to do. It is not intentional, it is not evil, it is not malicious, it's just a mistake. All people in organizations make mistakes. All people in organizations deserve to be treated respectfully, especially when their mistakes are being pointed out. Please do your best to convince NID to change their ways through respectful, logical, kind arguments." He stated that it is not the opinion of Mr. Loftus' supporters that NID is hostile towards farms. His personal opinion, based on the District's actions and what the District has expressed to him is quite the opposite. He believes that 'apathetic' or 'callous' would be more accurate descriptions of the District's feelings toward farms. It is his observation that local agriculture water customers are a lower priority than treated water customers. He has been told many times by District Staff that agriculture water is an unprofitable enterprise that is supported by the treated water business. To further his point, the General Manager is confused about what the public expects the District to do about this situation. The Board seems surprised that there has been so much public interest and concern about the issue. Mr. Dickerson stated: "Director Wilcox, hostility implies a great deal of attention focused towards farms." It is Mr. Dickerson's observation that the District would rather not deal with local farms at all. It seems that it would be more profitable and easier for the District; however, this would not be congruent with the District's mission or its founding principles. He is going to assume that all of the Directors did not read the e-mails that supporters of Mr. Loftus have sent to each Director because the reply that everyone received was the same three sentence boiler plate from the Board Secretary. He stated that if the District wants to improve the public sentiments about the District and dispel any rumors that the District is not interested in local farms or what people have to say, reading emails from constituents would be a great place to start. The end of Mr. Dickerson's e-mail states the following: "Directors, I hope your morals will show you the way on this issue. If that fails, I hope your desire to retain your elected position will motivate you. If that fails, I hope this community's many strong voices will convince you. If they all fail, perhaps we will have to wait for the produce trucks that deliver our food to stop coming before we realize the value of local farms like SunSmile. You may

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think that could never happen since the produce trucks have always dependably delivered a quality product. I am sure that is what Mr. Loftus thought about his irrigation water supply until August 2011. His dependable and quality supply stopped and one day, our supply of produce could stop too. Please do not continue to stall and deflect your responsibility to SunSmile and this community at large. We are all watching and hoping you find it in your hearts to do the right thing.” He thanked the Board and hopes they enjoy their peaches. If they would like some more, they are right down the street.

PUBLIC COMMENT - Travis

Welden Travis read into the record a letter to the Board: “I have known George since shortly after we moved up here. I have been very much aware of what has been going on and the way he has been treated, and his struggles. The actions of the Nevada Irrigation District, specifically the Board of Directors, are to say the very least, despicable and morally indefensible counter to rural economic sustenance and home grown produce support. Your disdainful, financially punishing treatment of a local, socially responsible and productive man is now almost beyond redemption. You have acknowledged your responsibilities to rectify the damage and disservice to SunSmile Farms and yet, you continue to delay justifiable compensation by now claiming a need to exercise financial due diligence. It is past time – two years – that you expedite the correction to this travesty.”

PUBLIC COMMENT - Lamphier

Terry Lamphier, Nevada County Supervisor, stated that he is a Grass Valley resident and represents District 3 of which SunSmile Farms is a part of. He is here to voice his strong support for SunSmile Farms and encouraged the Board to do everything in its power to assist SunSmile and continuing its important role of serving the community. He reminded the Board that local farms such as this one contribute ongoing high value to the community. Farms provide critical entry level sustainable jobs and products. By sustainable he means that modern farming produces jobs and products for multiple generations. Farming is one of the few areas to add jobs in recent years in these troubling economic times. Local farms meet our community’s strong desire to have food grown locally and responsibly. SunSmile has the additional advantage of being very close to the community’s urban core minimizing the need to travel very far to purchase fresh produce. As policy makers, he sees this as one of our most important priorities. As he understands it, one of the District’s main functions is to serve agriculture water. He urged the Board to assist SunSmile Farms in any way, and as soon as possible, so that they can continue to be the kind of business the community needs and values.

PUBLIC COMMENT - Osmond

Sylvia Osmond thanked the Board for taking comments. She noted that the Board determined last year that the amount of the request by George Loftus was too high. She asked if the Board studied documents thoroughly and if the Board visited the Farm. She knows that one Director has visited the Farm, but each Director should visit the Farm to see the extensive amount of agriculture that is there and the amount of damage that has happened. Then the Board will be in a better place to make a determination.

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She offered to accompany any of the Directors to the Farm. She would hope that the parties can negotiate together, not as adversaries, but as people who want to resolve a very difficult problem.

PUBLIC COMMENT – Wald-Tuttle

Anita Wald-Tuttle stated that she has lived in this community since 1989, and she really enjoys good food. She stated that the Loftus Family and their precious Farm have striven to be good stewards of the land, and good supporters of the community in which they reside. What has happened is a gross injustice and needs immediate restitution before everything is lost. There is no other farmstead as accessible as SunSmile. With good water arrangements and good restitution of what has been lost, it could again bloom and grow. She encouraged the Board to assist with a resolution. From a personal standpoint, she works at Interfaith Food Ministry and she knows that Mr. Loftus has provided food to the Ministry on several occasions. She appreciates Mr. Loftus and all he has done for the community.

PUBLIC COMMENT - Ferroggiaro

Suzanne Ferroggiaro stated that she is a treated water customer and resides on Lower Colfax Road. She is also a customer of SunSmile Farms and enjoys their produce. It is a local resource – a gold mine. The word responsibility has been talked about here, and she pointed out that the word is the ability to respond, not just to facts and figures, but also the ability to respond from the heart and from a moral standpoint. She hopes that the Board can respond in this way. We need to foster local agriculture.

PUBLIC COMMENT – Stabill (sp?)

John Stabill (sp?) has lived in this community since the mid 1970's, and has been shopping at SunSmile Farms since about the same time. Over the years, he has lost his teeth. He is a vegetarian and has a hard time shopping in the store for food that he can eat. Mr. Loftus has ripe, delicious and nutritious food. He hopes the Board takes the opportunity to visit SunSmile Farms and taste some of Mr. Loftus' fine produce.

PUBLIC COMMENT - Smiley

Michael Smiley stated that he is a land planner and a landscape architect. He has written a book on the protection of land for agriculture. He has learned a little bit about the issues facing family farms. He came to realize that one of the fundamental reasons that family farms are lost in this country could be the fact of water. In this situation, there is the potential of losing SunSmile Farms, a family farm. This is not about a typical land use policy or zoning issues. It is also not about the loss of market support. There is strong market support for this Farm and its produce. He thinks the Farm is very important. He thinks the Board has a huge responsibility, and it starts at the top. If "we're not careful" the farm will be lost and the highest and best use of the land will be for development. It is on the Board's shoulders to make sure this does not happen.

PUBLIC COMMENT - Voigt

Robin Voigt stated that she is wondering if this issue does not get resolved, will the middle panel of the painting (in the Board Room) need to come down.

PUBLIC COMMENT - Pasner

Mike Pasner, owner of Indian Springs Farm, stated that he has been farming locally for 27 years. This is an interesting issue. He does not always see eye to eye with Mr. Loftus, but he is “with him on this one.” In August 2011, Nevada County Public Works Department asked NID to turn the water off to spare the road. This was a two day fix and he asked why it did not happen immediately. Lawyers say that the most effective and efficient way to resolve an issue like this is to shut the water off. There comes a point when Directors must intervene and not just listen to lawyers. It is the District’s responsibility to supply a farm with the water that is relied on. Because of the make-up of the Board of Directors, he expected the Board to protect the interests of agriculture. That expectation has been dashed. He hopes the Board will take the actions to ensure that this does not happen to other local farmers. He asked the Board to do right by George Loftus and his farm.

PUBLIC COMMENT - Wright

Carol Wright pointed out that there are a number of people who are not in attendance at this Board meeting that are very concerned about this issue. No matter how much the original fix would have cost the District, it is costing much more to bring the matter to resolution. She hopes that the Board can bring this to a logical and moral conclusion as soon as possible so that produce can be available.

PUBLIC COMMENT - Jones

Bjorn Jones is a Grass Valley resident and a past Community Supported Agriculture (CSA) member. He is also a friend of George Loftus. He understands the Board’s need to perform due diligence as a public entity. He thinks it has gone on long enough, and now is the time to act. He asked that the Board make a quick and just resolution to this matter.

PUBLIC COMMENT - Stackhouse

Paul Stackhouse stated that as a teacher, he has always taught his children to express opinions and keep the debate alive. The irony was not lost on him when a District employee was awarded earlier this morning for his act of heroism. The importance of looking after our neighbors was mentioned in the presentation. Mr. Stackhouse thinks that the situation with George Loftus and his farm is no less life threatening than what happened with the young man saving the other man’s life. He asked the Board to do the right thing – help Mr. Loftus and his farm and help the community keep fresh food available. He has been a teacher for 35 years and was born and raised in this area. This is where he wants to retire. Farms like SunSmile are the reason he wants to stay here.

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PUBLIC COMMENT - Hare

Joyce Hare has lived in Nevada County for 38 years. She is a neighbor and customer of George Loftus and SunSmile Farms. She and her husband Bill are here to support Mr. Loftus.

PUBLIC COMMENT - Decker

Donna Decker is a resident of Nevada City and used to have a Community Supported Agriculture (CSA) account with George Loftus. She stated that the right thing should have happened two years ago, and she is sorry that it did not. She knows that the Board knows what the right thing to do is, and she urged the Board to settle with Mr. Loftus in a way that makes him whole.

Meeting recessed at 9:42 a.m. and reconvened at 9:51 a.m.

SUNSMILE FARMS – Advice from District Counsel

President Bachman asked District Counsel to explain the District's position on the SunSmile Farms matter.

Jeff Meith, District Counsel, stated that the matter is not on the agenda, and is a matter of pending litigation by virtue of the pending claim. The claim has been tendered to the District's insurance carrier and is being evaluated. He would advise that there be no comments made on this matter by the Board of Directors at this time.

WARRANTS

Approved the following warrants: Yuba-Bear Revolving Fund Nos. 25565 through 25594, inclusive; General Fund Revolving Account Nos. 61596 through 61761, inclusive; Recreation Fund Nos. 3848 through 3885, inclusive; and Payroll Direct Deposit and Warrant Nos. 68039 through 68204, inclusive. M/S/C Drew/Weber

EMPLOYEE RELATIONS – Morrow Retirement (Res. No. 2013-20)

Adopted Resolution 2013-20 (Resolution of Appreciation upon Retirement – William D. Morrow) after 26 years of service to the District. M/S/C Drew/Weber

ASSESSMENT DISTRICT No. 2008-1 (Rodeo Flat) – Special Tax Levies for FY 2013-2014 (Res. No. 2013-22)

Adopted Resolution No. 2013-22 (Acting as the Legislative Body of Assessment District No. 2008-1 Authorizing the Levy of Special Taxes within Assessment District No. 2008-1 for Fiscal Year 2013/2014 – Rodeo Flat). M/S/C Drew/Weber

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CLAIMS & SUITS – Mid-Century Insurance Company

Rejected claim by Mid-Century Insurance Company in an unspecified amount, relating to water damage. M/S/C Drew/Weber

AGREEMENTS: AMENDMENT TO AGREEMENT FOR COMBIE RESERVOIR BOAT RAMP REPAIRS – Los Lomas Improvement Club

Approved amendment to Agreement with Los Lomas Improvement Club for boat ramp repairs at Combie Reservoir. M/S/C Drew/Weber

MINUTES – June 12, 2013 Regular Meeting

Approved the Minutes of the Board of Directors’ regular meeting of June 12, 2013, as clarified. M/S/C Wilcox/Weber

COMMUNITY FACILITIES DISTRICT No. 2007-1 (Cement Hill) – Special Tax Levies for FY 2013-2014 (Res. No. 2013-21)

Tim Crough, Assistant General Manager, stated that this matter will be continued to the Board of Directors’ meeting of July 10, 2013.

POLICY: District Installed Pipeline Reimbursement (Res. No. 2013-23)

Gary King, Engineering Manager, presented a recommendation from the Administrative Practices Committee to approve policies for District installed pipeline reimbursement. This matter was presented to the Board for discussion in May 2013. The policy was also reviewed by the Administrative Practices Committee in May 2013. Mr. King pointed out a minor error in the policy by referencing Section 3175.6. He indicated that in the first sentence a policy section is printed as XXXX.5. It should read 3175.5. This policy directly relates to the District’s Strategic Plan Objective No. 1 (extend water service).

Director Weber asked if there are any property owners waiting for waterline extensions that would be affected by this policy.

Mr. King explained that there are no signed contracts at this point.

Director Weber suggested that since there is a 60 day waiting period, affected property owners should be notified.

Shannon Matteoni, Business Coordinator, stated that the 60 day grace period would come into effect in those areas where the District has already installed pipelines for those who have not yet connected for service. Those property owners who have not connected to District waterlines would be able to connect during the grace period without paying the reimbursement fee as stated in the new policy.

Director Miller suggested that Staff could start by notifying the District’s standby customers.

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Ms. Matteoni stated that Staff can put forth the effort to communicate with potential customers by starting with standby customers then filtering those who would be affected by the policy and could take advantage of the grace period.

Mr. King stated that an ad will be placed in the local newspapers regarding the grace period.

Director Weber stated that many property owners may not read the local newspapers and therefore would lose out on the opportunity.

Director Wilcox stated that notifying standby customers would be a good idea.

Jeff Meith, District Counsel, clarified that only standby customers on a District installed pipeline would be notified.

Mr. King stated that a letter will be prepared and sent out to those standby customers along a District installed pipeline system indicating that the District Installed Reimbursement policy will be implemented on September 1, 2013.

Adopted Resolution No. 2013-23 (Approving District Installed Pipeline Reimbursement Policy) and approved Section 10.06.02 of the District's Water Service Rules and Regulations. M/S/C Wilcox/Miller

POLICY: Reserves (Res. No. 2013-24)

Jim Malberg, Finance Manager, stated that the Reserve Policy was presented to the Administrative Practices Committee in April 2013, and the Policy was also reviewed by the Board of Directors in April. The policy has now been placed in the District's policy format. This policy will tie in with the District's Investment Policy. The reserve balances will be provided in a quarterly report to the Board of Directors.

Director Weber stated that in the last year and a half, the names of some of the reserve funds have changed twice. She would like an organization chart that shows the reserve funds in graphic form including what the reserves used to be called, what they are called now, and how they are categorized and funded.

Mr. Malberg stated that he will present the cash and investment report with the graphic of reserve funds at the second Board of Directors' meeting in July.

Adopted Resolution No. 2013-24 (Establishing Policies for Administration – Reserves). M/S/C Weber/Miller

DISTRICT TRAINING/SEMINARS – Environmental Systems Research Institute (ESRI) International Users Conference

Jim Malberg, Finance Manager/Treasurer, presented a request to send two employees to the ESRI International Users Conference in San Diego, CA. ESRI is the Geographic

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Information Systems (GIS) software the District utilizes, and the price of the training is included with the software package.

Approved request for training to allow two Water Division employees to attend the Environmental Systems Research Institute (ESRI) International Users Conference (July 8 – 12, 2013) in San Diego, CA, in the amount of \$2,980. M/S/C Miller/Weber

MERCURY REMOVAL EQUIPMENT - Demonstrations

Rem Scherzinger, General Manager, reported that two more successful demonstrations of the District's mercury removal equipment have taken place, led by Izzy Martin of the Sierra Fund. Legislators were in attendance and made positive remarks about the Project.

BOWMAN-SPAULDING REPAIR - Update

Rem Scherzinger, General Manager, reported that the repair is moving along nicely. The pipe should be on site by the end of the week.

STEWARDSHIP COUNCIL – Board Meeting

Rem Scherzinger, General Manager, reported that he will be attending the Board meeting of the Stewardship Council on June 27, 2013. He will be requesting that the item concerning the Deer Creek parcels be deferred until November so that negotiations can continue in good faith with Pacific Gas & Electric Company.

PLACER COUNTY – Meeting with Executive Officer

Rem Scherzinger, General Manager, reported that he will be meeting this afternoon with the Executive Officer and a Senior Analyst to discuss the annexation moratorium in Placer County.

NEVADA COUNTY TELEVISION (NCTV) – Underwriting Opportunity

Rem Scherzinger, General Manager, reported that he met with Lew Sitzer, NCTV, to discuss an opportunity for the District to underwrite programming on NCTV, the area's local access television channel. Mr. Scherzinger will be presenting a request to the Administrative Practices Committee to consider contributing \$1,000, adhering to the District's donation/contribution policy.

DISTRICT'S BILLING PROCEDURES

Rem Scherzinger, General Manager, reported that he had some questions about some of the District's billing procedures. There have been a number of bills that have been mailed with zero, positive or negative balances. It is his understanding that this is required, and he is having Customer Service look into whether or not this truly is a requirement. A policy will be presented to the Administrative Practices Committee regarding the District's billing procedures.

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MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION (MCWRA) - Meeting

Director Weber reported that she attended the MCWRA meeting along with Director Miller and Rem Scherzinger.

Director Miller stated that the morning sessions were fine, but the afternoon sessions “dragged” a bit.

Director Weber stated that the meeting was not the strongest MCWRA meeting she has attended, but recognized that the speakers chosen were a last minute substitution. The meeting was definitely “Delta centered.”

COSUMNES, AMERICAN, BEAR AND YUBA RIVER INTEGRATED REGIONAL WATERSHED MANAGEMENT PLANNING GROUP (CABY IRWMP) - District Representatives (Res. No. 2013-25)

Rem Scherzinger, General Manager, stated that the item before the Board is consideration of seating Tim Crough, Assistant General Manager, as a CABY Board Member, and Armon Close, Operations Manager, as a CABY Alternate Board Member. One of the issues facing CABY at this time is that the Board that governs the 503(c) corporation has a number of positions that are unseated, and CABY is currently not carrying insurance. Due to the vulnerability, it is appropriate for the District’s Board of Directors to adopt a Resolution that will protect Mr. Crough’s and Mr. Close’s participation on the CABY Board of Directors.

Director Weber stated that she has spent three months trying to attend a CABY meeting. She has been left off the list, and the meetings have been scheduled the same time as District Board meetings. She is tired of trying to get access to CABY. She thinks the District’s Board of Directors needs a full report on the activities of CABY.

Mr. Scherzinger stated that he will ensure that the Board receives a full report.

Director Weber stated that she cannot vote on any matter involving CABY until she has the report.

Mr. Scherzinger explained that CABY has not had a Board meeting for quite a long time. The Resolution for the District’s Board to consider today is an effort to reestablish CABY’s Board of Directors. Currently, CABY is functioning by using two committees that have no governmental authority. The goal is to seat a Board so that decisions can be made.

Director Weber stated that she will now vote for the Resolution, but would still like a full report on the status and activities of CABY.

Adopted Resolution No. 2013-25 (Authorizing District Representatives for the Cosumnes, American, Bear and Yuba River Integrated Regional Watershed Management Planning Group - CABY IRWMP). M/S/C Wilcox/Drew

June 26, 2013

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Request for Nominations (Res. No. 2013-26)

Rem Scherzinger, General Manager, stated that ACWA has requested that a representative from the District participate on ACWA's Board of Directors. Mr. Scherzinger stated that he has asked only to be seated as a Board Member, and not the President or Vice-President, given his junior status within the group.

Director Wilcox asked Mr. Scherzinger if he feels he has the time to participate on the ACWA's Board of Directors.

Mr. Scherzinger stated that the District's participation in ACWA needs to occur. He is also participating on the Mountain Counties Water Resources Association (MCWRA) Legislative Committee. He will not participate in other committees until the District is finished with Pacific Gas and Electric Company negotiations.

Adopted Resolution No. 2013-26 (Placing in Nomination Remleh Scherzinger as a Member of the Association of California Water Agencies - Region 3). M/S/C Drew/Miller

RESOLUTION OF APPRECIATION – Alex Ferreira (Res. No. 2013-27)

Adopted Resolution No. 2013-27 (Appreciation of Alex Ferreira for his 45 Years of Public Service to the Citizens of Placer and Nevada Counties). M/S/C Drew/Miller

CLOSED SESSION was declared at 10:28 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger, Malberg, Morrow, Sindt and/or Meith regarding price and terms of payment for acquisition and sale of rights in real property; properties subject to negotiations:

- 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 10:28 a.m. pursuant to Government Code Section 54956.9(c) to confer with Legal Counsel – Potential Litigation: 1) Yuba County Water Agency vs. National Marine Fisheries Service, et al; and 2) South Yuba River Citizens League and Friends of the River vs. National Marine Fisheries Service, et al.

CLOSED SESSION was declared at 10:28 a.m. pursuant to Government Code Section 54956.9(a) to confer with District Counsel regarding pending litigation – Claim of Lottie Ives-Rock.

CLOSED SESSION was declared at 10:28 a.m. pursuant to Government Code Section 54956.9(a) to confer with District Counsel regarding pending litigation – Claim of Mid-Century Insurance Company.

June 26, 2013

MEETING RECONVENED in regular session at 11:35 a.m.

AGREEMENTS: Bridging Agreement with Pacific Gas & Electric Company (PG&E)

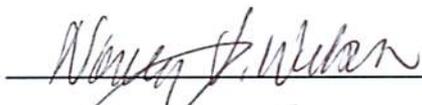
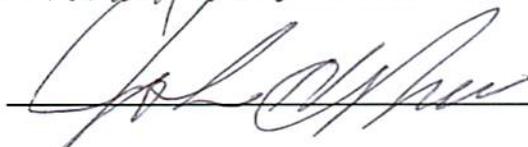
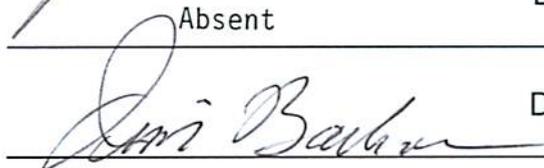
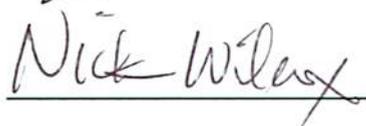
Approved Agreement with PG&E for Yuba-Bear/Drum Spaulding for continued operations, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew

Jeff Meith, District Counsel, stated that July 1, 2013, is a major step for the District. The District has storage and has it debt free. It has been a long road, and the Board should be proud of what this District has accomplished.

MEETING ADJOURNED at 11:35 a.m. to reconvene in regular session on July 10, 2013, 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
Absent _____	Division III
 _____	Division IV
 _____	Division V