

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

July 10, 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 10th day of July 2013 at 9:00 a.m.

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

Director W. Scott Miller was absent.

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; Peggy Davidson, Recreation Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

EMPLOYEE RELATIONS – Morrow, Retirement Presentation (Res. 2013-20)

Rem Scherzinger, General Manager, recognized Bill Morrow on his retirement after 26 years of service. Mr. Morrow came to work for the District on July 13, 1987 as a Hydro Operator. Mr. Scherzinger can say that Mr. Morrow has truly been a significant force in the District's relicensing efforts, and conducted himself in a strong and even manner. Mr. Morrow will be sorely missed.

Mr. Morrow expressed his appreciation to the Board and employees of the District. It has been a great 26 years. He also expressed his appreciation to the employees of the Hydroelectric Division. He is a reflection of these employees. They are a great group to work with and the District is very fortunate to have these employees. They will continue on well under the leadership of Keane Sommers and will support him in every way that they have supported Mr. Morrow.

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Travis Harrison, Hydro Generation Supervisor, stated that he has worked with Mr. Morrow for the past ten years. He appreciates the leadership that Mr. Morrow has provided, not only professionally, but personally. Mr. Harrison stated that his father passed away, so he looks up to Mr. Morrow in that respect. He stated that Mr. Morrow attended so many relicensing meetings, that the employees in the Hydroelectric Division thought about renting out Mr. Morrow's office space. Mr. Harrison congratulated Mr. Morrow on his retirement.

Yvonne DuBose, Human Resources Manager, stated that she has only had the opportunity of working with Mr. Morrow during the past six years. She will miss Mr. Morrow's sense of humor, the movie reviews he provided on a weekly basis and the exchange of recipes. She stated that she wishes Mr. Morrow and his wife Nita the best in retirement.

Keane Sommers, Hydroelectric Manager, stated that he first got to know Mr. Morrow during labor negotiations. During that time, he found that Mr. Morrow was fair, thoughtful and he had a keen ability to see both sides of an issue. He also learned that Mr. Morrow cooks a mean Chili Verde. Since working with Mr. Morrow in the Hydroelectric Division, Mr. Sommers found that Mr. Morrow has an unparalleled knowledge of the Yuba-Bear Project. Mr. Morrow sees the big picture and understands the impact a small decision can make. In the last few years, he has worked tirelessly to protect the District's interests in the relicensing process. He has attended approximately 300 meetings during the past five years. He has led the District into the post Pacific Gas & Electric Company reimbursable era. He has helped negotiate agreements that will serve as the cornerstone of District operations for years to come, including the Power Purchase Agreement and the Coordinated Operating Agreement. He has assembled, trained and led the staff that will be responsible for leading the District's Hydroelectric Division into this new era. He thanked Mr. Morrow for needing Mr. Sommers' assistance several months ago. Mr. Sommers' career will never be the same, and he greatly appreciates Mr. Morrow's efforts in helping to make this happen.

Karen Blair, Management Assistant, stated that she personally finds it extremely rude of Mr. Morrow to leave. On a serious note, she thanked Mr. Morrow for giving her a second chance. He has been a mentor and great boss, and more importantly, a good friend.

Tim Crough, Assistant General Manager, stated that as employees go through their careers in life, there are a few people that stand out and make employees be better people. Mr. Morrow is one of those few people.

Cindy Ware, Office Assistant, stated that she appreciates everything Mr. Morrow has done. She feels that Mr. Morrow is a high caliber person, and she has the utmost respect for him. She will miss his "drive-bys."

Chip Close, Operations Manager, stated that he has not had much time working side by side with Mr. Morrow. However, the collaboration between the Operations Department and the Hydroelectric Division has been a very successful relationship. This is mainly

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due to Mr. Morrow's efforts. He will be greatly missed. On a personal note, Mr. Morrow is a great guy.

Mr. Scherzinger presented Mr. Morrow with a Certificate of Appreciation (Res. No. 2013-20).

Director Drew thanked Mr. Morrow for understanding Director Drew's interesting comments. Mr. Morrow has always provided professional responses.

Director Weber thanked Mr. Morrow for taking care of all of those nuisance items that people call her about on Sunday nights.

Meeting recessed at 9:14 a.m. and reconvened at 9:16 a.m.

MINUTES – June 26, 2013 Regular Meeting

Director Drew made a motion to approve the Minutes of the Board of Directors' regular meeting of June 26, 2013, as submitted. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

WARRANTS

Director Drew made a motion to approve the following warrants: Yuba-Bear Revolving Fund Nos. 25595 through 25624, inclusive; General Fund Revolving Account Nos. 61762 through 61898, inclusive; Recreation Fund Nos. 3886 through 3909, inclusive; and Payroll Direct Deposit and Warrant Nos. 68205 through 68373, inclusive. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

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AGREEMENTS: PLACER COUNTY WATER AGENCY SERVICE AREA AGREEMENT – Amendment No. 4

Director Drew made a motion to approve Amendment No. 4 to the Service Area Agreement with Placer County Water Agency. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

AGREEMENTS: PLACER COUNTY WATER AGENCY INTERTIE AGREEMENT – Amendment Nos. 1 and 2

Director Drew made a motion to approve Amendment Nos. 1 and 2 to the Intertie Agreement with Placer County Water Agency. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

ECHO RIDGE TRAILS PIPELINE PROJECT – Budget Amendment

Director Drew made a motion to receive and file the budget amendment for the Echo Ridge Trails Pipeline Project in the amount of \$200,000. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

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

Director Drew made a motion to adopt Resolution No. 2013-21 (Acting as the Legislative Body of Community Facilities District No. 2007-1 Authorizing the Levy

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of Special Taxes within Community Facilities District No. 2007-1 for Fiscal Year 2013/2014 – Cement Hill). Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

Director Weber pointed out that there has been a committee working on the Cement Hill waterline project for approximately 15 years. The committee has developed guidelines that would be useful to people in the community. The draft document is resting with Tim Crough, Assistant General Manager. She respectfully requested that Mr. Crough be given enough time to edit the document so that the guidelines can be posted to the District's website and to the Cement Hill Neighborhood Association's website in August.

Mr. Scherzinger stated that he will work with Mr. Crough on this matter.

LAND SURVEYOR – Budget Amendment

Director Wilcox asked that this item be pulled from the Consent Agenda, because he would like to know more about the item.

Rem Scherzinger, General Manager, explained that for the last four years, the District has been operating with a contracted surveyor. Those services have changed from part-time, 20 hours a week to full-time, 40 hours a week. The position, when filled prior to utilizing the consultant, was a full-time employee.

Director Wilcox made a motion to approve a budget amendment in the amount of \$61,400 for the Land Surveyor position. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

BOWMAN-SPAULDING CONDUIT ACQUISITION PROJECT NO. 6913 – Fee Title and Easement Acquisition (Res. 2013-28)

Matthew Crowe, Senior Right-of-Way Agent, stated that the parcels owned by Pacific Gas & Electric Company (PG&E) will be donated shortly, and it is critical to the District's interests to preserve the rights to the Bowman-Spauldung Conduit System prior to PG&E's transfer of the property. To this point, PG&E has not disputed the District's

acquisition or offer, but PG&E has requested that the District make the acquisitions via the condemnation process. Staff does not anticipate a contentious condemnation process in the courts; however, the District needs to address certain technical procedural points in the Board's consideration of this matter. Mr. Crowe provided the following presentation on the Bowman-Spaulding Conduit Acquisition Project:

Typical Sequence in Acquisition Process:

- Define necessary rights for subject facility and associated activities
- Appraise proposed acquisition to determine "fair market value" to compensate owner
- Present "offer" to owner for the proposed acquisition of land and easements
- Address owners' concerns or interests in accommodating the project and concluding the acquisition
- Commence Eminent Domain proceedings by adopting a Resolution of Necessity (RON)

Required Findings:

- 1) The public interest and necessity require the Project.
- 2) The Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.
- 3) The property sought to be acquired is necessary for the Project.
- 4) The offer required by Section 7267.2 of the California Government Code has been made to the owner of record of the property to be acquired.

Statements of Project Necessity:

The following statements illustrate the necessity of the Bowman-Spaulding Conduit System and this Project as a component of the District water delivery system for consumptive and power generation uses:

- The Canal facility conveys flows below the District's Bowman Reservoir and Dam to PG&E's Lake Spaulding.
- The facility imports water from the Middle Yuba and South Yuba watersheds and serves as one of the critical links between these watersheds and District beneficial uses.
- The Bowman-Spaulding Conduit flows a capacity of 300 cubic feet per second (cfs) and is the only facility that allows for the transportation of water from where the majority of the District's water is diverted and stored to where it is beneficially used.
- The District could only meet a fraction of its current obligations without the reliability of supply from the Bowman-Spaulding Conduit.
- There are no reasonable alternatives by which the District could meet the needs served by the Bowman-Spaulding Conduit. Much of the stretch involved in this Project was originally constructed in 1926 and 1927, and the Canal was operating in 1927.
- The Bowman-Spaulding Conduit System was modified and reconstructed to current operating conditions in the 1950's and 1960's with Federal Energy

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Regulatory Commission (FERC) License No. 2266 (rehabilitated spillways and typical canal cross-section and realignment at Fall Creek to abandon siphon).

- It is not feasible to replace or relocate the function of the Bowman-Spaulling Conduit with alternative systems, due to size, length and contractual obligation the District has with PG&E to transport some of their water in the Bowman-Spaulling Conduit.
- The District requires the real property rights included in the Project to meet District obligations to supply water and generate power, to maintain its facilities and to meet its FERC license requirements.
- Without the Project acquisitions, District operations and maintenance activities may conflict with interests of the land owner or easement holders after PG&E transfers ownership.

Project easement rights are necessary for the District to properly operate, maintain and repair the Bowman-Spaulling Conduit and its appurtenant facilities:

- The Project spillway flowage rights are needed for continued use of spillways to control flows in the Canal and to dewater the Canal in the event of unanticipated operating conditions.
- Road ingress and egress rights are needed for access to operate and maintain the Bowman-Spaulling Conduit and appurtenant facilities.
- Staging rights are needed for storing or staging of materials and equipment for all manner of District activities to effectively support the Bowman-Spaulling Conduit and appurtenant facilities.
- Project easement rights anticipate requirements of the FERC license (No. 2266).

California Environmental Quality Act (CEQA) Compliance:

This Project does not involve a change or expansion of the use of the property to be acquired. Rights in the spill channels are being acquired to accommodate compliance with future FERC requirements. When the future requirements are implemented, any required activity will be reviewed following the appropriate CEQA process.

Affected PG&E Parcels:

- PG&E Parcels: Nevada County Assessor Parcel Nos. 64-130-08 and 64-140-06.
- PG&E acquired the parcels in 1912.
- PG&E has acknowledged NID's ownership of the Bowman-Spaulling Conduit System by contract since 1924, leading to construction in 1926 and 1927.
- PG&E and NID have contractual relationships and obligations that require the District's continued operation of the Bowman-Spaulling Conduit System.
- PG&E is donating the subject Parcels through the Stewardship Council process as an outcome of its Bankruptcy Settlement Agreement; the Stewardship Council identifies the subject PG&E Parcels as 796 and 797 in the Lake Spaulding area.
- The District needs to secure its senior rights for the Bowman-Spaulling Conduit System on these parcels to avoid conflicts with PG&Es successors in interest.

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Project Acquisitions Include:

- Grant Deed – Fee Title within the FERC Boundary along the Bowman-Spaulding Conduit, plus certain required non-exclusive easement rights.
- Road Easement Deed – Required for access to the Canal and appurtenant facilities.
- Spillway Easement Deed – Required for continued rights for flowage and related operation or maintenance activities.
- Staging Area Easement Deed – Required for staging of materials and equipment related to District activities.

Project Activities:

- District Staff identified potential interests for acquisition and communicated those interests to PG&E and the Stewardship Council in 2011.
- District Staff briefed the Board of Directors on the Stewardship Council process on February 22, 2012.
- District Staff defined Project interests to be acquired and obtained an independent appraisal.
- District Staff tendered an offer to PG&E for Project interests on May 14, 2013.
- PG&E requested that the District begin the condemnation process.
- District Staff delivered the Notice of Intent on June 21, 2013 to consider adoption of a Resolution of Necessity.

Mr. Crowe stated that PG&E has not submitted any comments, nor have they requested to be heard in response to the Notice of Intent.

President Bachman opened the public hearing.

Hearing no testimony, President Bachman closed the public hearing.

Director Drew asked about the fair market value.

Mr. Crowe stated that the property was appraised for the value of land rights, and the fair market value was determined to be \$16,900. This offer was tendered to PG&E, and to date there has been no response to the offer beyond PG&E's request that the District proceed with the acquisition through condemnation.

Jeff Meith, District Counsel, stated that PG&E wants the District to condemn the parcels as opposed to going through a transactional situation. Upon approval of the Resolution by the Board of Directors, the District will file an eminent domain proceeding to acquire the parcels. It is highly unlikely that PG&E will oppose the proceeding, but they have a right to oppose and discuss compensation during these proceedings.

Director Drew asked if the conservation easement held by the Bear Yuba Land Trust will impose any restrictions on the District.

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Mr. Meith stated that the District will acquire the parcels prior to the conservation easement being imposed on the land, and that the conservation easement holders will not compromise the District's use of the acquired easements.

Director Drew asked if PG&E has been paying taxes on these parcels.

Mr. Meith stated that PG&E does not pay property taxes; however, they pay taxes to the State Board of Equalization for the hydroelectric operations. His recommendation would be that the District request that the parcels be removed from the County's tax roll upon acquisition.

Director Wilcox asked if the District is taking Fee title on these parcels.

Mr. Crowe stated that the District will be taking Fee title within the Federal Energy Regulatory Commission (FERC) boundaries that parallel the actual conduit. The District will be acquiring easement rights for the roads, spillways and staging areas.

Director Wilcox asked about the balance of the canal. He presumes that the balance of the canal is mostly on Forest Service land.

Mr. Crowe responded affirmatively and added that there are a few smaller private holdings along the Conduit route. At this point, the District has no cause to pursue those acquisitions.

Director Wilcox made a motion to adopt Resolution No. 2013-28 (Declaring the Necessity for and Authorizing the Initiation of Eminent Domain Proceedings to Acquire Real Property Interests Required for the Ongoing Operation of Nevada Irrigation District's Bowman-Spaulding Conduit – on Nevada County Assessor Parcel Nos. 64-130-08 and 64-140-06, Owned by Pacific Gas & Electric Company). Director Drew seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

Director Wilcox complimented Staff for the good work done on this matter, and stated that this is an important piece of "housekeeping."

Mr. Meith concurred.

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JACKSON MEADOWS – Radial Gate Painting Contract

Gary King, Engineering Manager, stated that the three radial gates control water elevation at the Jackson Meadows Dam. These gates release water after snow pack is predicted. Mr. King provided the following information about the Project:

Background:

- Coating on the three 30-foot wide by approximately 15-foot high radial gates that control the water elevation of Jackson Meadows Reservoir needs to be replaced
- The gates are showing rust and the coating has deteriorated to the point that it no longer protects the steel appropriately
- Federal Energy Regulatory Commission (FERC), Division of Safety of Dams (DSOD) and the District's Independent Consultant have all recommended recoating the gates
- Work also includes minor structural repairs
- Significant levels of lead discovered in existing coating
- Lower than normal water levels in the Reservoir make this year ideal for recoating the gates
- Modifications at Combie Reservoir are not ready for construction so funds are available

Bidding Process:

- Sealed quotes were requested from five contractors
- Four quotes were received and ranged from \$218,400 to \$777,777
- Low quoter is Farr Construction Corporation

Director Drew asked if the area will be surrounded by a tent.

Mr. King responded affirmatively. The lead material will then be hauled away to an appropriate dump site.

Director Drew asked if there has been a structural problem with the rotating pin points of the radial gates (similar to what occurred at Folsom Dam).

Rem Scherzinger, General Manager, stated that DSOD likes to have the radial gates operating in sync so that the pressure load across all of the gates is the same. They should not be used as throttling gates because the load will change across the gate.

Director Drew asked if the use of these radial gates in this manner limits the District's operational flexibility.

Mr. Scherzinger responded affirmatively, but pointed out that the District can request relief from the DSOD when necessary.

Director Drew made a motion to approve contract with Farr Construction Corporation in the amount of \$218,400 for the painting of the radial gates at Jackson Meadows, approved a budget amendment in the amount of \$250,000,

and authorized the General Manager to execute the necessary documents. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Division I	Aye
Division II	Aye
Division III	Absent
Division IV	Aye
Division V	Aye

COSUMNES, AMERICAN, BEAR AND YUBA RIVER INTEGRATED REGIONAL WATERSHED MANAGEMENT PLANNING GROUP (CABY IRWMP) - Update

Tim Crough, Assistant General Manager, stated that the Board requested a status update on the CABY IRWMP. He reported the following:

CABY Regional Water Management Group – a 501(c) 3 Non-Profit corporation:

- NID appointed Tim Crough as Board Member, and Chip Close as Alternate Board Member.
- Currently, only the President and Treasurer are confirmed as Board Members, and the NID officer should be confirmed at the next Board Meeting (to be scheduled within 60 days). *[As of the meeting date, there were only 3 active members of the Non-Profit board]*
- A quorum is needed for action by the CABY RWMG Board. *[existing Bylaws require at least 8 directors, with 5 for a quorum]*
- A meeting of the CABY RWMG Board will be scheduled in 30 to 45 days.

CABY Planning Grant:

- The Planning Committee (PC) met on 6/26/2013, and:
 - authorized the following Working Groups to assist in the completion of the existing Department of Water Resources (DWR) Grant in the amount of \$800,000, of which \$700,000 has been spent to update the planning documents for the Regional Water Management Plan
 - designated Karen Quidachay to provide technical and administrative assistance to the Working Groups
 - decided to meet again in September 2013.
- Governance Working Group:
 - The PC discussed options to change the governance structure of the CABY IRWMP. The group was receptive to a change as a result of lessons learned from recent litigation and a disorganized project application process; it authorized a Working Group, consisting of Tim Crough, David Eggerton, Izzy Martin, and Luke Hunt, to meet and craft a new proposed governance structure for the 2013 IRWMP Update.
 - Based on the recent litigation and 2012 project selection process, the PC generally favored the concept of having a voting board, or committee, to supplement the existing collaborative structure, such as the individual members of the Coordinating Committee.

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- The Governance Working Group is scheduled to meet in the next 30 days, with a goal to present a proposed plan for consideration by the PC in September 2013.
- Water Quality, Water Supply, Land Use and Climate Change, Working Groups:
 - The PC authorized several individuals to serve on these Working Committees to assist in the development and/or revisions/corrections to certain elements of the IRWMP Update.
 - The Working Groups will present recommendations to the PC in September 2013.

Actual dates for the next PC and CABY RWMG Board Meeting have not been confirmed. These meetings are expected to be scheduled in September for the PC Meeting and in August for the CABY RWMG Board Meeting. In addition, the PC set aside future meeting dates – October 2, 2013 and November 6, 2013.

Mr. Crough stated that currently there is no Executive Director to CABY. Mr. Eggerton is the RWMG Board President and is taking on the Executive Director role for the time being. He stated that there is not a great deal to report because CABY has not had much activity in the last six months.

Mr. Crough stated that the District, in partnership with the Placer County Water Agency, El Dorado Water Agency and the Sierra Fund submitted an Implementation Grant Application in February 2013 (mercury project, canal lining, gauging stations, etc.). In order to obtain the grant, CABY must remain in compliance. Work on the Planning Grant Application will be completed by the middle of next year.

Director Drew asked if there are any staff positions within CABY.

Mr. Crough explained that Ms. Quidachay has been contracted to assist with the technical and administrative functions for the working groups. Katie Burdick is also under contract to assist in the completion of some of the obligations of the Planning Grant. Her contract as Executive Director has expired.

Director Weber stated that she is very supportive of CABY and the District has played an important fiscal and management role; however, it is disturbing to “just listen.” She appreciates that Mr. Crough is participating, but the process seems convoluted. She has tried to attend meetings and has been left off the e-mail list twice. One Board meeting was scheduled at the same time as the District’s Board meeting two weeks ago. She wants to be involved in some way so that she can do some oversight. She would like to be an observer as a representative of the District’s Board of Directors. She feels that there needs to be an organization chart for CABY describing each of the committees and the roles of these committees, and there needs to be a budget. The structure needs to be different than it is currently.

Director Drew stated that in the future, planning committee meetings should not conflict with Director Weber’s ability to attend. It is important for a Board member of the District to attend the meetings in order to know what is going on.

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Mr. Crough reiterated that CABY has been somewhat dormant, and without leadership during the past year. Mr. Eggerton stepped up to the plate, but he was not aware of the best dates to schedule meetings for all of the participants. A decision was made to schedule meetings the first Wednesdays of the month, and all meetings have been and will continue to be open to the public. There are about 36 members in CABY and scheduling meetings to fit everyone's schedule has always been difficult. The working groups will meet individually (in person or by conference call). Mr. Crough stated that one agency cannot have control over CABY. CABY seems to function only by the dedication of the members who participate. Working on the governance structure will provide a mechanism for decision making. He stated that interests in CABY appear to be waning, but he is hoping that there will be more participation during the upcoming meetings.

Director Weber asked if CABY has a website and if so, is it being updated.

Mr. Crough responded affirmatively. He added that maintaining the website is part of the administrative costs.

Director Weber suggested posting meeting dates on the website.

Mr. Crough stated that it is his understanding that the meetings are being posted to CABY's website with the exception of the working group meetings.

Director Weber stated that she will check the website for information.

Director Weber stated that she is willing to participate because CABY is the District's interface with DWR.

Mr. Crough emphasized that CABY has no money. Work is being done with volunteers and money is received by way of donations. This appears to be the reason for CABY's lack of activity at this time.

Director Weber stated that she can see that the District is going to be asked to put forth some money towards CABY. As long as CABY is operating under the current conditions, she could not agree in all consciousness to approve a monetary contribution to CABY. She added that in the interest of transparency, information about meetings needs to be posted on CABY's website.

The Board thanked Mr. Crough for the update.

SOUTH YUBA CANAL - Flume Failures

Rem Scherzinger, General Manager, reported that there were two failures on sections of flume on the Pacific Gas & Electric Company's (PG&E) South Yuba Canal facility. He distributed photographs of the failures. The South Yuba Canal is the primary water supply to much of western Nevada County. PG&E shut down the facility to begin repairs. The outage occurred on June 30, and water was back in service by July 5 and 6. He complimented the Operations Department for their efforts.

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Director Wilcox asked why the failures occurred.

Mr. Scherzinger stated that the failures were due to dry rot of the timber supporting the flume.

Discussion ensued about the District possibly taking over operations of this facility, and the amount of work that needs to be done to correct the non-treated wood on the flume. It is a huge asset, and it would be a long process to correct the problem areas.

BRIDGING AGREEMENT WITH PACIFIC GAS & ELECTRIC - Update

Rem Scherzinger, General Manager, reported that PG&E has executed the Bridging Agreement. The Power Purchase Agreement is also in place, and the District has since experienced a short outage.

BOWMAN-SPAULDING REPAIR - Update

Rem Scherzinger, General Manager, reported that the crane has arrived to the Bowman-Spauldung facility. The pipe has been sleeved in and the anchors have been grouted. This week, the pipe is being welded into the host pipe. The facility should be back in service by August.

DISTRICT REIMBURSED PIPELINE POLICY – Update

Rem Scherzinger, General Manager, reported that he is in the process of reviewing a newspaper ad and an article to be posted to the District's website regarding the District's Reimbursed Pipeline Policy.

CLOSED SESSION was declared at 10:30 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger, Malberg, Sommers, 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-Spauldung 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 10:30 a.m. pursuant to Government Code Section 54956.9(b) to confer with Legal Counsel – Anticipated Litigation – Claim of George Loftus.




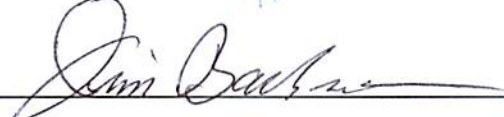
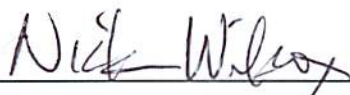
MEETING RECONVENED in regular session at 11:57 a.m.

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MEETING ADJOURNED at 11:57 a.m. to reconvene in regular session on July 24, 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
	Division III
	Division IV
	Division V