

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

December 10, 2014

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 December 2014 at 9:00 a.m.

Present were John H. Drew, President (Division II); W. Scott Miller, Vice-President (Division III); Nancy Weber (Division I), Jim Bachman (Division IV) and Nick Wilcox (Division V), Directors.

Staff members present included Remleh Scherzinger, General Manager; Tim Crough, Assistant General Manager; Mary Morris, Finance Manager; Chip Close, Operations Manager; Gary King, Engineering Manager; Peggy Davidson, Recreation Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Karen Gillespie, Human Resources Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

PUBLIC COMMENT – Mora

Lily Marie-Mora, District customer, stated that she appreciated the presentation that was made at the last meeting on the District's Budget, and she has several questions for Staff. She noticed that the Budget is on the District's web site, but it is cumbersome. She would appreciate seeing the power point presentation added to the web site, because it is easier to understand. Ms. Mora also would like to know whether or not there was a Water Rates Committee meeting held in 2014.

Rem Scherzinger, General Manager, stated that he will be more than happy to meet with Ms. Mora to address her questions.

MINUTES – November 12, 2014 Regular Meeting

Approved the Minutes of the Board of Directors' regular meeting of November 12, 2014, as submitted. M/S/C Weber/Wilcox, unanimously approved

WARRANTS

Approved the following warrants: Yuba-Bear Revolving Fund Nos. 26952 through 27045, inclusive; General Fund Revolving Account Nos. 66785 through 67058, inclusive; Recreation Fund Nos. 4651 through 4684, inclusive; and Payroll Direct Deposit and Warrant Nos. 70971 through 70980, V3109 through V3281, 70981 through 70988 and V3282 through V3454, inclusive. M/S/C Weber/Wilcox, unanimously approved

AUDIT OF CASH AND INVESTMENTS – October 31, 2014

Accepted and filed the October 31, 2014 Audit Report of Cash and Investments. M/S/C Weber/Wilcox, unanimously approved

DISTRICT TRAINING/SEMINARS – Hydroelectric Division Training

Approved expenditure of \$120,000, plus meals, books, lodging, parking and incidental expenses for training of five (5) Hydroelectric Division employees at the Pacific Gas & Electric (PG&E) training facility in San Ramon, CA. M/S/C Weber/Wilcox, unanimously approved

Director Wilcox requested that in the future, training requests of this magnitude be presented to the appropriate Committee before being placed on the Board of Directors' meeting agenda.

POLICY: Administrative Policies – Work Apparel (Res. No. 2014-51)

Adopted Resolution No. 2014-51 (Establishing Policies for Administration – Work Apparel). M/S/C Weber/Wilcox, unanimously approved

AGREEMENTS: ABBREVIATED AGREEMENT

Accepted Abbreviated Agreement for District needs. M/S/C Weber/Wilcox, unanimously approved

AGREEMENTS: TEMPORARY SERVICE LOCATION – Brenner

Approved Agreement with Curt C. Brenner for Temporary Water Service and Contribution for Future Treated Water Mainline Extension as part of the District's Temporary Service Location (TSL) Policy. M/S/C Weber/Wilcox, unanimously approved

EMPLOYEE RELATIONS – Service Awards

The following employees were recognized for their length of service with the District and were congratulated by their department manager or supervisor prior to being presented with recognition awards:

December 10, 2014

<u>Employee</u>	<u>Title</u>	<u>Hire Date</u>
<u>30 Years</u>		
Brett Brady	Water Treatment Supervisor	09/26/1984
<u>25 Years</u>		
William D. Winkle	Senior Water Distribution Operator	07/13/1989
<u>15 Years</u>		
Eric S. Fassler	Water Distribution Supervisor	08/16/1999
Tony R. Moscini	Construction Inspector II	08/16/1999
Cameron S. Price	Maintenance Supervisor	08/23/1999
Ken W. Copher	Maintenance Supervisor	12/13/1999
<u>10 Years</u>		
Coby J. McCoy	Water Treatment Operator III	07/26/2004
Clay A. Johnson	Resident Hydroelectric Plant Operator	08/16/2004
Matthew E. Halvorson	Assistant Water Superintendent	10/25/2004
David W. Koeckritz	Vegetation Control Worker II	10/04/2004
Douglas A. Roderick	Senior Engineer	11/22/2004

OATHS OF OFFICE – Nancy Weber, Director, Division I, John H. Drew, Director, Division II and Jim Bachman, Director, Division IV

Lisa Francis Tassone, Board Secretary, administered oaths of office to Nancy Weber, who was re-elected as Director for Division I, John H. Drew, who was re-elected as Director for Division II and Jim Bachman who was re-elected as Director for Division IV.

BOWMAN-SPAULDING CONDUIT ACQUISITION PROJECT NO. 6913 – Fee Title and Easement Acquisition (Res. 2014-52)

Matthew Crowe, Senior Right-of-Way Agent, stated that the Resolution for consideration involves the acquisition of fee and easement rights for the District's Bowman-Spauldung conduit located south from Fuller Lake to the inlet to Pacific Gas & Electric Company's (PG&E) Spaulding No. 3 penstock. This item has been continued from the November 12, 2014 Board of Directors meeting. During that meeting, Staff reviewed the Project, and presented the facilities and reasons the District is pursuing the acquisition. At that time, President Drew opened a public hearing on this matter and continued the hearing to allow PG&E more time to review the District's offer. As noted in the Staff Report, the District and PG&E Staff have reviewed the matter in light of the respective concerns. District Staff has received no response from PG&E on the offer.

President Drew recommenced the public hearing.

Hearing no testimony, President Drew closed the public hearing.

December 10, 2014

Mr. Crowe displayed maps and photographs that depict the facilities and identify the need for the District to acquire the fee and easement rights for the Bowman-Spaulding Conduit below Fuller.

President Drew asked if the water that passes through this area is the District's water.

Jeff Meith, District Counsel, explained that all water that passes through this area is the District's water with the exception of approximately 3,500 acre feet which is PG&E's water.

Adopted Resolution No. 2014-52 (Declaring the Necessity for and Authorizing the Initiation of Eminent Domain Proceedings to Acquire Real Property Interests Required for Ongoing Operation of Nevada Irrigation District's Bowman-Spaulding Conduit, on Nevada County Assessor Parcel Nos. 64-190-03 and 64-190-04, owned by Pacific Gas and Electric Company, a California Corporation). M/S/C Wilcox/Miller, unanimously approved

AGREEMENTS: NO SPRAY AGREEMENT

Brian Powell, Maintenance Manager, presented a recommendation from the Maintenance and Resource Management Committee to approve implementation of a No Spray Agreement. The Maintenance Department maintains hundreds of miles of the District's canal system every year. Over the years, the use of herbicides to control weed growth is a cost effective method to maintain the system. Without the use of the herbicides, the Department would need to deploy a dozen or more employees to control the aquatic and terrestrial weeds that grow within the canal system every year. Mr. Powell stated that there are many property owners throughout the District that request the Vegetation Control crew not to spray herbicides along the berm and canal through their property. Over the years, the District has informally granted this request by installing "No Spray" signs along the canal system at these specific property boundaries. In exchange for this request, for not spraying through their property, the Department asks the property owner to maintain and remove the vegetation along their section of canal.

There are various reasons why the property owners request that no herbicides be used on their property. While the District respects their need for this request, this informal process of no spray signs has been a problem when the property owners do not maintain and remove the weeds. If the weeds are not removed or reduced, there is the likelihood of constricted water flow which could result in overtopping of the canal berm and the potential for damage down gradient of the canal system, in addition to a potential fire hazard if the weeds along the berm grow too high.

Without a formal agreement, the employees are in a difficult position of requesting the removal of the weeds, and if the property owner refuses, then the Maintenance Department crew would need to adjust their schedules during the heavy construction period to mechanically clean the canals, at a cost to the District.

December 10, 2014

The concept behind this no spray agreement is to formalize an agreement and hold the property owner accountable to maintain their section of canal and allow the water to continue to flow in the canal system. District Counsel has reviewed and provided input to the No Spray Agreement.

President Drew stated that he thinks that the Agreement is very well written. The Agreement ensures the safety of the District's entire system, the employees, the property owners and the water users along the canals. He is in favor of the Agreement.

Director Weber expressed concern about the amount of liability coverage (\$1 million). She feels that this amount is punitive to the property owners.

Rem Scherzinger, General Manager, stated that the increase in cost for liability coverage is minimal. The coverage protects the District and the property owner if there is a canal failure.

Director Weber stated that she cannot support the \$1 million liability coverage because it is too harsh.

Mr. Scherzinger stated that the amount of coverage can be revisited.

Director Miller noted that the property owners would be notified by letter. He suggested that the District notify the property owners via certified letter.

Jeff Meith, District Counsel, pointed out that some property owners may refuse to accept or sign for a certified letter. There is a rule that mailing a letter with first class postage presumes receipt. He stated that if the Board would like Staff to send a certified letter, he would be agreeable, but if the certified letter is returned, he would like Staff to follow up with a letter mailed first class.

Mr. Powell stated that Staff will initially make contact with the property owner to evaluate the situation. The property owner will then have the opportunity to correct the situation. If the situation is not corrected, the Department would move forward by mailing a letter.

Director Wilcox asked what Mr. Powell's experience has been with the property owner maintaining the canal if the section of the canal is not being sprayed.

Mr. Powell stated that there has been an ongoing problem with the property owners not properly maintaining the canals. The weeds grow on the banks of the canal, and if they get out of control, they will potentially plug the canal and block the system.

Director Wilcox stated that he has heard complaints regarding the Maintenance Department crews spraying across the canal due to access problems, and that because of this, the spray enters the canal. He asked if there is any way to address this issue.

Mr. Powell stated that there will be overspray. The herbicides that are used are registered for this use.

December 10, 2014

Mr. Scherzinger stated that Staff would be happy to look into these situations.

Discussion ensued regarding a property owner owning one side of the canal and another property owner owning the other side. If this is the case, then both property owners need to enter into a No Spray Agreement with the District.

President Drew stated that he likes Director Miller's recommendation to notify the property owners by certified mail. This should be incorporated into the Agreement. He stated that Director Weber's concern about the amount of liability coverage is a valid concern. He suggested that the Agreement be amended and presented to the Maintenance and Resource Management Committee before coming back to the Board for approval.

Mr. Scherzinger suggested that the Board accept the Agreement at this time contingent upon further review and a recommendation by the Maintenance and Resource Management Committee to incorporate the suggested modifications.

Director Miller asked if the insurance coverage can be pro-rated based on the value of the property owner's home.

Mr. Meith stated that property owners need to check with their insurance carrier for a recommendation on coverage. He would not recommend pro-rating the coverage based on the value of the home. He also suggested that the District's insurance carrier be consulted.

Director Weber stated that she would like to speak for those property owners that find herbicides offensive. She has been contacted by someone who has been trying to plant along the canal with no success. The property owner discovered that the area had been sprayed with herbicides beyond the berm area into her property. She will not be able to grow anything in this location. Director Weber stated that it is easy to spray, but it is offensive to some people.

Mr. Scherzinger stated that the property owners are requesting to maintain their section of canal to avoid the spraying of herbicides. He pointed out that the canal is part of an industrial facility. He would be happy to reevaluate the liability coverage. His hope is that by implementing the No Spray Agreement, a playing field can be established so that property owners and the District are protected.

Lily Marie-Mora, District customer, stated that most property owners do not have a clue regarding how much work is involved to remove vegetation from the canals. She would suggest that the Agreement provide options on how to remove the vegetation.

Mr. Scherzinger stated that the Agreement spells out this information.

President Drew tabled the discussion and directed Staff to present this matter to the Maintenance and Resource Management Committee. Upon a recommendation for

December 10, 2014

approval of the Agreement by the Committee, the matter will be brought back to the Board of Directors for consideration.

2013 CABY PROPOSITION 84 GRANT FOR WATER EFFICIENCY, WATER QUALITY, AND SUPPLY RELIABILITY IN THE CABY REGION – Local Project Sponsor Agreement

Tim Crough, Assistant General Manager, presented a recommendation from the Administrative Practices Committee to approve the Local Project Sponsor Agreement for the Water Efficiency, Water Quality, and Supply Reliability Project (2013 Proposition 84 Grant with the Sierra Fund – Project 4). A month ago, the Board approved a Local Project Vendor Agreement with the Sierra Fund for the District's portion of their Mercury Project. In that case, the Sierra Fund is the Project Sponsor, and the District is a Vendor to their Project. In this case, the grant was awarded to the Sierra Fund on behalf of CABY. Placer County Water Agency (PCWA) and the District are partners for Project 4. As a result, the District and PCWA are Local Project Sponsors for this Project and are jointly responsible for completing the obligations of the Grant. The Sierra Fund will oversee and administer the Grant. The Local Project Sponsor Agreement has been reviewed by the respective legal counsel of each organization.

Mr. Crough referenced Exhibit B. The total grant funding is \$997,500 from the Department of Water Resources for Project 4, of which PCWA will receive \$578,637 and the District will receive \$418,863. The Project will last through January 2017.

Mr. Crough described the difference between the Local Project Vendor and the Local Project Sponsor Agreements. The Local Project Vendor Agreement is for those participants who provide a portion of a project under direction of a sponsor. The Local Project Sponsor Agreement is for those participants who are obligated to complete the project and comply with all grant requirements for the project.

Director Weber asked if work began on the Locksley Intertie Project before February 4, 2014, and if so, will these expenses be reimbursed. The Agreement stated that work performed on the Project after February 4, 2014 shall be eligible for reimbursement.

Mr. Crough stated that some work was performed prior to February 4, 2014. Expenses between February and September have been submitted for reimbursement. Expenses that preceded February 4, 2014 will be used to document the "Cost Share" requirements of the grant. A number of Projects in the Grant Application are in design or in some stage of completion. There is a budget for each of the projects in the 2014 and 2015 Budgets. Budgeting for the revenue has yet to be completed, and he will present this information to the Board at a future date.

Director Wilcox asked if the District will actually be able to remotely operate the canals with the gaging stations.

Chip Close, Operations Manager, responded affirmatively. Most of the gaging stations are existing stations that are undersized and are being replaced. There are a few

December 10, 2014

gaging stations that have been installed at the end of some canals to analyze proper flows for water efficiency.

Mr. Close addressed Director Weber's question regarding the Locksley Intertie Project. The District has done quite a bit of work on some of the Project prior to February 4, 2014, and Staff was able to categorize and log these expenses so that the District will receive credit for that work.

Approved Local Project Sponsor Agreement for 2013 CABY Proposition 84 Grant for Water Efficiency, Water Quality, and Supply Reliability in the CABY Region, and authorized the General Manager to execute the necessary documents. M/S/C Weber/Miller, unanimously approved

Meeting recessed at 10:16 a.m. and reconvened at 10:23 a.m.

WATER STORAGE PROJECT – Discussion on the Benefits of the Project

President Drew stated that he made a recommendation to the Board that the District explore new opportunities for water storage at the Parker property, and he has developed a list of talking points. In addition, Rem Scherzinger, General Manager, has developed a parallel list of talking points in a different format. One of the objectives at this time is for the Board to have an open forum discussion on the talking points. It is his intention to have the two lists integrated into one document.

Director Weber stated that her questions are with regard to the process and the timeline. Property owners in this area would like to know more about the timeline so they can determine when to sell their property.

President Drew concurred.

Mr. Scherzinger stated that Staff is aware of Director Weber's concern. At this point, a location has not been selected for the facility. The topographic survey flight has been completed, and the data is being evaluated in order to locate the facility. Once the facility is located, Staff intends to reach out to effected property owners and meet with them. This would happen in the first or second quarter of 2015.

Director Weber stated that there is a rumor that some property owners have had contact with the District.

Mr. Scherzinger stated that the District is currently engaged in willing seller/willing buyer activity for obvious parcels in the proposed Project footprint. He pointed out that the footprint still needs to be determined.

President Drew stated that displacement is at the top of his list of talking points, and is his number one concern.

December 10, 2014

Director Miller stated that he is waiting for a photograph to place in his waiting room. The County had an article in the newspaper about the bearing weight of the Dog Bar Bridge. He has had many questions about the status of the bridge. He has also had a couple of realtors approach him. He has been referring the realtors to Staff.

Director Miller stated that he is in favor of water storage and he likes the talking points.

Mr. Scherzinger stated that a project has not been identified. At this time, the District is filing for water rights, and the District has yet to receive a letter from the State indicating they have accepted the District's application. The District is in the process of evaluating a survey so that a decision can be made about where the "project will land." Staff is looking for opportunities with those property owners who are willing to sell their property, and the District is in a position to purchase property.

With regard to the Dog Bar Bridge on the Bear River, Staff has notified Nevada County on a number of occasions to let them know that the Dog Bar Bridge will be difficult to cross at some point.

Director Bachman asked if South Sutter Water District (SSWD) should be included in the talking points because they will be impacted by the proposed water storage project.

Mr. Scherzinger concurred.

Director Wilcox stated that because SSWD's place of use is included in the water rights application, that this indicates the Nevada Irrigation District's good will in accommodating SSWD. It means that NID will be able to transfer water to SSWD without having to go through the petition process with the State Water Board each and every time. It will then become a question of what SSWD will be willing to pay for the water.

Director Wilcox stated that the list of talking points reminds him of reading through a California Environmental Quality Act (CEQA) scoping document. All of the issues will be dealt with during the CEQA process. His plea would be to start the CEQA process as soon as the District receives assurance that the State will accept the application for water rights. The CEQA process will be a long process and will require that the District interface with the community.

President Drew directed the Board and audience members to a photograph of a hooded merganser and pointed out that this species and a number of other species will increase in number as a result of the proposed water storage project.

Director Weber noted that the validation for constructing the proposed water storage project is that the District's lower reservoirs are spilling while the upper reservoirs cannot capture storage. This should be incorporated into the talking points.

President Drew concurred. He added that he looks forward to the CEQA process.

December 10, 2014

David Altman, resident on Peaceful Valley Road in Placer County, stated that he is one of the property owners whose home may be under water. As he has heard the Board discuss the proposed project, the list of questions he has are probably premature. He hopes that more information is available soon because the property owners are in "limbo." He would encourage the District to share any information on the proposed project as soon as possible. He recognizes that a few have to sacrifice for the good of many, but the list of talking points is only one side of the story. The property owners see that they are losing their homes. He knows that some power generation projects are excluded from environmental review. He is hoping that a thorough environmental review will be conducted because he knows there are issues regarding hazardous waste cleanup from petroleum contaminants, pesticide contaminants, lead contamination, asbestos contaminants, the proper destruction of wells and the abandonment of septic tanks, etc. It would also be helpful for those property owners that will reside near the project to know how noise will be dealt with from power boats, campgrounds, etc.

Mr. Scherzinger assured Mr. Altman that the District is working on these issues. He is acutely aware that the District has put a number of the property owners in limbo, and he will share information as soon as the District receives information. With regard to the environmental document, he anticipates that the District will complete a National Environmental Policy Act (NEPA) document because the project will have access to Federal funding and will involve hydroelectric power.

Mr. Altman has heard that the District would like to complete the proposed water storage project by 2021 in time for the District's 100 year anniversary.

Director Miller pointed out that there are a number of steps that the District will need to complete before groundbreaking occurs. Realistically, the project will not come into fruition as far as starting the project until the 2020's.

Director Wilcox stated that the proposed project will not be exempt from CEQA or NEPA. The property owners will be notified during the entire environmental document process.

President Drew thanked Mr. Altman for bringing up some very solid points. He encouraged him to remain engaged. There will be many meetings, and his concerns will be addressed.

Director Wilcox requested that the Board be apprised of any significant updates to the proposed project via the General Manager's Report.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Fall Conference

Rem Scherzinger, General Manager, reported that he attended the ACWA Fall Conference in San Diego, CA. There was a meeting to discuss storage in the Sierras and in California and how the water bond will be implemented. The guidelines for storage have been written, and Mr. Scherzinger has obtained them. The guidelines will be revised by ACWA's Water Storage Task Force of which Mr. Scherzinger is a

December 10, 2014

member. Professor Jay Lund from UC Davis presented his most recent pieces of work regarding water storage. He mentioned that water conservation is merely a bridge for the State to utilize surface water and ground water storage systems. At this time, these systems are insufficient. Mr. Lund is a strong proponent of the State's proposed water storage projects (Sites and Temperance Flat reservoirs). There is also a need for hydro power, and the importance of this is being realized.

MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION (MCWRA) – ACWA Region 3 Meeting

Rem Scherzinger, General Manager, reported that he attended the MCWRA ACWA Region 3 meeting. Presentations were made regarding fire and water quality. Sierra Nevada Conservancy provided a presentation about the performance in watersheds in terms of production and quality. Currently, there is a pilot project that has demonstrated an increase in yield and water quality if the watershed is managed appropriately.

COMMUNITY INVESTMENT PROGRAM (CIP) – Business Card

Rem Scherzinger, General Manager, reported that Staff has developed a business card for the CIP and he distributed a card to each of the Board members. A section of the District's web site has been devoted to the Program, and the Business Card directs those interested in the Program to the link on the web site. The cards will be made in mass, and the Board members can distribute accordingly.

Director Miller suggested that Shannon Matteoni, Business Coordinator, be included on the card.

Mr. Scherzinger stated that Ms. Matteoni's name will be added to the card.

STORMWATER ACTION PLAN – Update

Rem Scherzinger, General Manager, reported that the District's Storm Water Action Plan has been updated. The last time the Plan was revised was in 2006. There are a series of stages that can be declared. In the future, the Plan will include the Recreation and Hydroelectric Division.

WATER STORAGE – Update

Rem Scherzinger, General Manager, reported that the District's current storage is 145,699 acre feet as of December 3, 2014, which is 96 percent of average, and 50 percent of total storage.

FINANCE MANAGER – Appointment (Morris)

Rem Scherzinger, General Manager, announced the appointment of Mary Morris as Finance Manager. Ms. Morris has been serving as the District's Interim Finance Manager since October, 2014.

The Board applauded Ms. Morris' appointment.

December 10, 2014

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – Update on Curtailments

Rem Scherzinger, General Manager, reported that the curtailment orders for the District have been lifted, and the District's system is fully operational. He reminded the Board that the SWRCB can revisit this matter as necessary.

Director Wilcox pointed out that releasing water right priorities up to 1953 is actually a huge step, because 7/8 of the consumptive use of water in California occurs under pre-1953 rights. This is tantamount to "turning off" the curtailment notices.

Director Weber asked if there has been a press release on this matter. She stated that each time there is a change with regard to this matter, the District needs to inform the community.

Mr. Scherzinger stated that he will ensure that a press release is distributed.

SIERRA NEVADA CONSERVANCY – Reception and Quarterly Meeting

Director Weber reported that she attended a reception on December 3 and a quarterly meeting of the Sierra Nevada Conservancy on December 4. The Sierra Nevada Conservancy has a board of 12 participants from various counties. They meet on a quarterly basis and met in Grass Valley for the first time in 10 years. She was part of an effort to develop the Conservancy, so she was interested in attending the meeting.

With regard to forest management, the Conservancy has made this their focus. They will be utilizing Proposition 1 monies. They are interested in identifying different types of projects per watershed. Each watershed will have a specific plan that will enhance water quality and quantity, in addition to habitat restoration. They are interested in influencing policy decisions at the State related to forest management, and they want to explore possibilities for carbon storage, wood processing opportunities, bio-mass, etc.

SUGGESTION FOR STANDING AGENDA ITEM – Director Miller

Director Miller stated that he appreciates Lily Marie-Mora for paying attention to the District and attending the Board meetings on a regular basis. When Ms. Mora addresses the Board under Public Comment, the Board cannot enter into a dialogue with her. He suggested placing Ms. Mora under a standing agenda item.

Ms. Mora stated that when she addresses the Board under Public Comment, she does not expect the Board to enter into a dialogue with her. Her goal is to make the public aware of her questions and/or concerns.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) – Leadership Academy (Report by Director Wilcox)

Director Wilcox reported that he attended the CSDA Leadership Academy in Anaheim, CA between November 16 and 19, 2014. The Academy was divided into four

December 10, 2014

segments: 1) Governance Foundations; 2) Setting Direction; 3) Finance; and 4) Human Resources.

Director Wilcox stated that Peter Kampa spoke about communication. The Academy is being repeated, in part, in Napa, CA in January. The goal of the Academy was to provide Board members with the knowledge and skills which will enable them to better understand their role in the District, and to function as an effective member of the governance team. He noted that Board members campaign as an individual and govern as a group.

Director Wilcox stated that he felt an enormous sense of pride for the District because the District's Board of Directors functions well and has dealt successfully with a number of issues that other boards have been experiencing. He would encourage other Board members to attend the Academy. He pointed out that the District earned one Credit Incentive Point, which reduces the cost of the District's liability insurance by \$8,000 to \$9,000.

UPPER / LOWER SCOTTS FLAT AND ROLLINS RESERVOIR – Hooded Merganser

President Drew reported that he visited the Upper and Lower sections of Scotts Flat Reservoir and Rollins Reservoir recently and saw several Hooded Mergansers.

REORGANIZATION OF THE BOARD

Motion was made by Director Drew to nominate Director Miller for President of the Nevada Irrigation District Board of Directors and Nevada Irrigation District Joint Powers Authority. The motion was seconded by Director Weber. Motion was made by Director Miller to nominate Director Weber for Vice-President of the Nevada Irrigation District and Nevada Irrigation District Joint Powers Authority. The motion was seconded by Director Drew. Hearing no other nominations, the vote was unanimous to elect Director Miller as President and Director Weber as Vice-President.

Appointed Lisa Francis Tassone as Secretary to the Board and Joint Powers Authority for 2015. M/S/C Drew/Miller, unanimously approved

CLOSED SESSION was declared at 11:12 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger, 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-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.

December 10, 2014

CLOSED SESSION was declared at 11:12 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger and/or Meith regarding price and terms of payment; properties subject to negotiation are Nevada County Parcel Nos. 027-130-041 and 027-130-008.

CLOSED SESSION was declared at 11:12 a.m. pursuant to Government Code Section 54956.9 to confer with District Counsel regarding pending litigation – Claim of Kristel Fontaine.

MEETING RECONVENED in regular session at 12:29 p.m.

AGREEMENTS: 2015 Bridging Agreement with Pacific Gas & Electric Company (Adding Item to Agenda)

Jeff Meith, District Counsel, stated that this item came to the District's attention after the agenda was posted. If approved, the Agreement must be executed by December 31, 2014. The Board does not meet until January 14, 2015; therefore, due to the December 31, 2014 deadline, it is necessary to add this matter to the agenda.

Added an item to the agenda regarding approval of the 2015 Bridging Agreement with Pacific Gas and Electric Company. M/S/C Wilcox/Weber, unanimously approved

AGREEMENTS: 2015 Bridging Agreement with Pacific Gas & Electric Company

Approved the 2015 Bridging Agreement with Pacific Gas & Electric Company, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Weber, unanimously approved

REAL PROPERTY ACQUISITION – Budget Amendment (Adding Item to Agenda)

Rem Scherzinger, General Manager, stated that escrow has opened on two parcels, and it is anticipated that escrow will close before the next Board meeting. The Board does not meet until January 14, 2015; therefore, because escrow will close before January 14, 2015, it is necessary to add this matter to the agenda.

Added an item to the agenda regarding approval of a budget amendment for real property acquisition. M/S/C Weber/Bachman, unanimously approved

REAL PROPERTY ACQUISITION – Budget Amendment

Rem Scherzinger, General Manager, stated that a budget amendment in the amount of \$790,331 is necessary in order to close escrow on two parcels that the District is in the process of acquiring. The funds will be transferred from the Hydroelectric Reserve.

December 10, 2014

Approved budget amendment in the amount of \$790,331 for real property acquisition (Nevada County Parcel Nos. 027-130-041 and 027-130-008). M/S/C Bachman/Miller, unanimously approved

WORKSHOP: AB 1234 ETHICS TRAINING

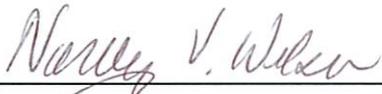
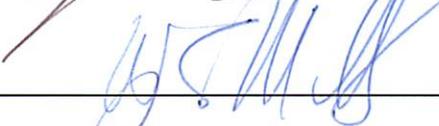
Cepidah Roufougar, Special District Counsel, provided a workshop on ethics training as required by Assembly Bill 1234. All Directors were in attendance and the following Staff members were present: Rem Scherzinger, General Manager; Tim Crough, Assistant General Manager; Lisa Francis Tassone, Board Secretary; Gary King, Engineering Manager; Chip Close, Operations Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Karen Gillespie, Human Resources Manager; and Peggy Davidson, Recreation Manager.

MEETING ADJOURNED at 2:38 p.m. to reconvene in regular session on January 14, 2015, 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