

Manteca, California
May 25, 2010

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:00 a.m.

Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK KUIL KAMPER SCHULZ ROOS

Also present were General Manager Shields, District Counsel Emrick and Engineering Department Manager Bologna.

President Kamper called the meeting to order and asked for public comment. There being none he asked the Board to consider approving the Consent Calendar Items as presented:

CONSENT CALENDAR

- A. Warrants of \$561,715.44
- B. Regular Board Meeting Minutes of May 11, 2010.
- C. Approve letter of support for Walt Pettit's permanent appointment to SWRCB.

Motion by Director Kuil, seconded by Director Roos to accept the Consent Calendar as presented.

PASSED AND ADOPTED this 25th day of May 2010 by the following roll call vote:

Ayes:	Holbrook	Kuil	Kamper	Schulz	Roos
Noes:	None				

Item #1, Extend deadline for Stanislaus County to qualify for funds for physical improvements to Woodward Reservoir. General Counsel, Emrick told the Board that this is the second extension request we have received from Stanislaus County in regards to Amendment No. 2, of the Woodward Reservoir license Agreement executed in 2005. The Amendment No 2 expired on August 23, 2008. A verbal agreement extended the agreement until July 2009. The County's current request asks for an extension through Fiscal 2012-2013 to expend the remaining \$209,801 funding. Shields said that the District to date has contributed \$790,199 of the \$1,000,000 dedicated funding. That funding has allowed the County to leverage an additional \$2.98 million dollars for facility improvements at the Reservoir. Shields said that he told the County that we may consider an extension through Fiscal 2011-2012. The County was agreeable to a one year extension. Motion by Director Holbrook and seconded by Director Schulz to approve a one year extension to use the remaining funds dedicated to physical improvements at Woodward Reservoir. The motion passed unanimously.

Item #2 Approve proposal for Environmental Review of Extension of Water Sale Agreement with Stockton East Water District and authorize General Manager to sign a Water Transfer Agreement by and between SSJID and SEWD. Emrick told the Board that the District's 10 year water sale agreement with SEWD expired at the end of 2009

and that we are currently delivering water under a one year extension. In addition to the Agreement, Emrick said staff is recommending that we hire Environmental Services to do the environmental review because of their familiarity with the District. The new agreement is conditioned on completion of environmental review. Motion by Director Holbrook, seconded by Director Kuil to authorize the General Manager to sign the Water Transfer Agreement and to engage ESA to perform the environmental review.

Item #3, Amendment to Irrigation Service Abandonment Agreement # 291. David and Nancy Franzia own 5.41 acres identified as APN 206-090-24. They recently installed a 30" two way valve and structure to flood irrigate from Lateral "Qg" which runs through the middle of their property. Bologna recommends approval of the Agreement to Amend Irrigation Service Abandonment Agreement # 291. Emrick said we will modify our Standard agreement to show that the amendment will only affect a portion of the property described in the original agreement dated August 27, 1991. Director Kuil made a motion to approve the Amendment to Irrigation Service Abandonment Agreement #291. The motion was seconded by Director Holbrook and unanimously approved.

President called for Directors reports.

Director Holbrook:

- Reminded the Board that the meeting called "Toward Sustainable Groundwater in Agriculture" will be held on June 15-17 @ the Hyatt Regency, S.F. Airport. He suggested that Director Roos would be a good choice to attend. Shields said that we will be sure to send someone from the District.
- Reported on the Advisory Water Commission Meeting. Good points brought up at the meeting were as follows: (1) the importance of the District's participation in discussions concerning the proposed "California High Speed Rail Project" and how it will impact our agricultural land. (2) Also, filing date for SWRCB Statement of Water Diversion and Use is July 1, 2010.

Director Schulz:

- Said he obtained a special issue of the National Geographic entitled "Water, Our Thirsty World" and wants to donate it to the District library.

Director Roos

- Reported that the 96th Annual Farm Bureau Meeting held on May 21st was also a scholarship awards ceremony. Also the YF&R Fundraiser proceeds went towards purchasing animals at the county fair.
- In regards to the District's health insurance, he would like for District to look into Health Savings Accounts (HSA). Shields said we would have something at the next meeting.

Bill Hubkey reported on the following:

- Paint is peeling off the top of both tanks at the Plant. The original contractor has been contacted and will be repaired under warranty.
- The new M-1 site has been tested for CL2 and flushed. The bacterial tests have been taken and we are waiting for the results.
- Plant staff has prepared a response to the annual CDPH inspection and will be mailing out soon.
- The annual inspection on the Zenon crane is complete and has passed.

- Plant staff will be having a water quality drill next Wednesday with the Cities of Manteca, Tracy and Lathrop. This is an annual event required by CDPH.
- Repairs to the log booms are holding and doing well.

Don Battles, Utility Systems Manager report:

- We have received our true up bills from PG&E. We came close to breaking even on the first phase and had a balance due on the second phase. Phase 2 has room to expand.

Shields took the opportunity to thank Battles for all the work he has done with balancing the load between the two meters.

Bere Lindley, Admin/Finance Dept. Manager report:

- The Financial Statement in the Monthly Report will be changing. Changes he has in mind will give a clearer picture of our financial situation. Some of the ideas he has will include an income statement by business line, a comparison of historical numbers with current budget, an explanation of variances and a statement of monthly cash flows.
- He made clear that the change he proposes is no reflection on past performance. He said the District's Accounting Department is first class.

General Managers Report:

- The District will be hosting the Seniors Breakfast in Manteca on Saturday, October 16.
- The District was recognized at the SJ Farm Bureau dinner last Friday.
- Handed out Tri-Dam water use report. Water use is down 30% from last year.
- District has received letter of resignation from Jeanne Seeley, Office Specialist at the WTP who will be retiring in early June.
- Received letter from Baker Petrolite stating they will continue to manufacture Magnacide this year. Also, the cost of Magnacide is being reduced due the expense for the EPA relicensing being less than expected.
- Handed out the schedules for the CPUC hearings
- To date PG&E has spent 44 million dollars in support of Prop 16.
- Handed out the PA Consulting Report.
- Approved an Encroachment Agreement with Loan Anh Nguyen, APN 198-170-24, to encroach upon the easement area of Lateral "Z 200 -5dd" with a 1" fresh water line to cross under the irrigation line by a minimum of 2 feet.

President Kamper called for closed session. General Counsel, Emrick stated the Board will discuss the following items in closed session.

- a. CONFERENCE WITH LEGAL COUNSEL-Anticipated Litigation
Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9- 2 cases
- b. CONFERENCE WITH LEGAL COUNSEL-
Anticipated Litigation

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 - 1 case
Various water quality proceedings before State Water Resources Control Board—Delta Flow Criteria, San Joaquin River Flow Objectives

c. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
California Government Code Section 54656.8

Property: APN 208-070-35
Agency Negotiator: General Manager
Negotiating Parties: District and current property owner
Under Negotiation: Price and Terms of Payment

Property: APN 198-030-08, 15
Agency Negotiator: General Manager
Negotiating Parties: District and Union Pacific Railroad
Under Negotiation: Price and Terms of Payment

Property: Water
Agency Negotiators: General Manager and General Counsel
Negotiating parties: District and San Luis & Delta Mendota Water Authority
Under Negotiation: Price and Terms of Payment

d. CONFERENCE WITH LEGAL COUNSEL-Existing litigation
Subdivision (a) of Government Code Section 54956.9
-PG&E General Rate Case 2011- CPUC A.09-12-020

- OID & SSJID v. US Department of Commerce US District Court Case No. 1:09-cv-2452.

e. PUBLIC EMPLOYMENT PERFORMANCE EVALUATION- California Government Code Section 54957.
Positions: General Manager
General Counsel

Upon returning from closed session, General Counsel, Emrick said there was no reportable action taken.

There being no further business to come before the Board it was moved by Director Holbrook, seconded by Director Roos, and unanimously carried to adjourn to June 8, 2010 at 9:00 a.m.

ATTEST:

Cheryl Burke, Executive Secretary