

Manteca, California
August 12, 2008

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 KAMPER KUIL SCHULZ

 ABSENT: ROOS

Also present were Secretary/Manager Shields, General Counsel Emrick, Water Treatment Plant Manager Hubkey, Utility Systems Director Battles, Communications Coordinator Sayler, and Engineering Department Manager Bologna.

President Kuil 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. SSJID warrants of \$1,024,518.03 and payrolls of \$286,434.16.
- B. Approval of Regular Board Meeting Minutes of July 22, 2008.
- C. Accept and file Notice of Completion for the Lateral "Bf-Bfa" Pipeline Replacement Project (SSJ-2007-1).
- D. Consider adopting Resolution No. 18-19-V, Authorizing the sale of three ½ ton pickups no longer necessary for District purposes.

RESOLUTION NO. 08-19-V AUTHORIZING SALE OF PROPERTY NO LONGER NECESSARY FOR DISTRICT PURPOSES

WHEREAS, the District may sell for valuable consideration, any property of the District, which it finds to be no longer necessary for District purposes;

WHEREAS, the Board of Directors of the South San Joaquin Irrigation District, finds the three ½ ton pickups for sale listed below:

<u>DISTRICT I.D. NO.</u>	<u>SERIAL NUMBER</u>
256-03	1GCEC14X23Z279753
267-04	1GCEC14X94Z275779
275-05	1GCEC14X95Z228608

Are no longer necessary for District purposes and that it is in the best interest of the District to sell said property; and

<u>DISTRICT I..D. NO.</u>	<u>FAIR MARKET VALUE</u>
256-03	\$5,000.00 110,764 miles
267-04	\$6,000.00 103,443 miles
275-05	\$5,800.00 108,469 miles

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Assistant General Manager of the District is authorized to display said property for sale for a period of ten days, thereafter, directed to sell said property to whoever presents the highest cash offer, provided that the offer is equal to or exceeds the following:

<u>DISTRICT I.D. NO.</u>	<u>MINIMUM PRICE</u>
256-03	\$4,500.00
267-04	\$5,500.00
275-05	\$5,300.00

BE IT FURTHER RESOLVED AND ORDERED that the Assistant General Manager is authorized and directed to take all necessary steps and execute all documents necessary to transfer title to said property.

Motion by Director Holbrook, seconded by Director Schulz, to approve the Consent Calendar items as presented

PASSED AND ADOPTED this 12th day of August 2008 by the following roll call vote:

Ayes:	Kamper	Holbrook	Kuil	Schulz
Noes:	None			
Absent:	Roos			

Consider adopting Resolution No.18-16-H, naming the Solar Farm, “The Robert O. Schulz Solar Farm”. President Kuil said he was proud to be a part of the naming of the Solar Farm and recommended the Board approve it. Motion by Director Kamper, seconded by Director Holbrook, to adopt Resolution No. 08-16-H.

RESOLUTION NO. 08-16-H
SOUTH SAN JOAQUIN IRRIGATION DISTRICT
THE ROBERT O. SCHULZ SOLAR FARM

WHEREAS, Robert O. “Bob” Schulz has served for over 30 years as Director of the South San Joaquin Irrigation District, and

WHEREAS, from the beginning of his tenure he has encouraged efforts to invest in facilities that will produce long-term benefits to the residents of the District as well as residents of the southern San Joaquin County., and

WHEREAS, Bob Schulz has long considered the District’s water and power generation investments as valuable resources that should be used for the benefit of southern San Joaquin County, and its future residents, and

WHEREAS, Bob Schulz is an advocate of keeping the District’s money working here at home while reducing the cost of operating the Nick C, DeGroot Water Treatment Plant, and

WHEREAS, the Solar Farm, located on Dodds Road, Oakdale, California, dedicated on July 18, 2008, is a symbol of local control and self sufficiency, and

WHEREAS, it is important to recognize and honor those individuals who have dedicated their time to serve the public and whose efforts have beneficially contributed to their constituency by reminding future constituents of their dedication,

THEREFORE, BE IT RESOLVED that in sincere appreciation to Bob Schulz for his contributions to the District and the citizens of the southern San Joaquin County region, and for his tireless efforts to secure the long-term self sufficiency of the South San Joaquin Irrigation District, on behalf of the staff and Board of Directors, we hereby honor Robert O. Schulz by declaring that the solar power generation facility shall be known as the Robert O. Schulz Solar Farm.

PASSED AND ADOPTED this 12th day of August 2008 by the following roll call vote:

Ayes:	Kamper	Holbrook	Kuil
Noes:	None		
Abstain:	Schulz		
Absent:	Roos		

Consider adopting Resolution 08-17-P, Authorizing the Conveyance by Quitclaim of Easement of the District. Bologna said the line is abandoned and the owners of the property Mr. & Mrs. Cabeceiras are willing to take over the line and accept full

responsibility for the remaining pipeline as a condition of abandonment and will sign an agreement to that effect as long as they could avoid removing the pipeline. Bologna recommended the Board approve with the condition the Cabeceiras' sign the agreement. Motion by Director Holbrook, seconded by Director Kamper, and unanimously carried, to adopt Resolution # 08-17-V providing the Cabeceiras' sign the agreement.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT
RESOLUTION NO. 08-17-P
RESOLUTION AUTHORIZING THE CONVEYANCE BY QUITCLAIM
OF EASEMENT OF THE DISTRICT**

WHEREAS, the SOUTH SAN JOAQUIN IRRIGATION DISTRICT, hereinafter referred to as ■District●, is the holder of an easement as for Lateral ■Re● which burdens a portion of Section 34, Township 1 South, Range 7 East, Mount Diablo Base and Meridian, situated within the City of Manteca, County of San Joaquin, State of California, (■Easement●) and

WHEREAS, the Easement specifically burdens in part the following-described real property (■Subject Property●):

The land described herein is situated in the State of California, County of San Joaquin, City of Manteca, and is described as follows:

Lot twenty-seven (27), as shown upon Map entitled, TRACT NO. 1931, MARSH CREEK, filed for record June 17, 1985 in Vol. 27 of Maps and Plats, Page 38, San Joaquin County Records.

WHEREAS, the easement is no longer utilized for irrigation and drainage purposes, and the pipeline located within the easement shall be removed and transferred to the underlying property owner in accordance with the provisions of the quitclaim acceptance document signed by owner, and

WHEREAS, it is in the best interest of the District that the portion of the Easement burdening the Subject Property be quitclaim deeded to the current owners of the underlying property, and

WHEREAS, the District's Board of Directors finds as follows:

1. The District's interest in the Subject Property proposed to be quitclaim deeded is no longer necessary for District purposes, and

The property to be quitclaim deeded is exempt surplus land within the meaning of Government Code 54221 (e) (2), and,

The proposed disposition of the District's Easement in the Subject Property is categorically exempt under California Environmental Quality Act as Class 12 Project pursuant to 14 CA Adm. Code of Regulations 15112 since the surplus government property does not have significant value for wildlife habitat or other environmental purposes and the property is of such size and shape that it is incapable of independent development or use.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South San Joaquin Irrigation District hereby authorize the President and Secretary to execute on behalf of the District a transfer agreement and a quitclaim deed to the current owners of the underlying property disposing of the District's Easement interest in the Subject Property.

PASSED AND ADOPTED this 12th day of August 2008 by the following roll call vote:

Ayes:	Holbrook	Kamper	Kuil	Schulz
Noes:	None			
Absent:	Roos			

Consider awarding of contract for the purchase of concrete pipe for this year's winter maintenance projects. Bologna said we have three proposals for 34,480 feet of pipe. The three proposals were priced from \$1,960,206.40 to \$1,994,064.80 with Kristich-Monterey Pipe having the low bid. He recommends approving the low bid. Director Holbrook asked about our right to inspect. Bologna said we have the right to inspect at unloading and to reject the pipe if it does not meet our specifications and standards. Motion by Director Kamper, seconded by Director Schulz, and unanimously carried, to approve purchasing the pipe from Kristich-Monterey Pipe at a cost not to exceed \$1,960,206.40.

Consider cancellation of Irrigation Service Abandonment Agreement # 93154351 and 931354352 for Paul & Patricia Reichmuth. Director Kuil asked that approval be conditional to a normal water year in 2009. If we do not have a normal water year in 2009 this property would not receive water until 2010. Motion by Director Holbrook, seconded by Director Kamper, and unanimously carried, to approve as recommended by Director Kuil.

Discussion and possible action concerning proposal to provide irrigation service to Ripon Christian School and Ripon High School. Bologna said all parties except the Ripon School District have approved the agreement. Bologna said the Board could table this item or approve it subject to the parties approving minor changes to the agreement between Ripon Unified School District and the District. Motion by Director Holbrook, seconded by Director Kamper, and unanimously carried to approve irrigation service agreements, subject to mutually agreed upon changes with Ripon Unified agreement as recommended above.

Consider proposal from David's Engineering to prepare a water balance and information system plan; and consider BPL Global's proposal for implementation of water efficiency program. Shields said he doesn't want action on the above today. However, he would like to have the Ag Committee (Directors Kamper & Schulz) work on the issue with him and Bologna. Motion by Director Holbrook, seconded by Director Schulz, and unanimously carried to have the Ag Committee work with staff and make a recommendation to the Board.

Accept proposal of Bickmore Risk Services and authorize the General Manager to execute an agreement with them to perform an audit as required under GASB 45. Stein said we are required to have the audit completed prior to January 2009. We obtained three proposals, from \$7,900 plus \$1,000 per visit, not to exceed two, and \$23,000. The low bid was from Bickmore and he recommends approval of Bickmore Risk Services, not to exceed \$10,000. Motion by Director Holbrook, seconded by Director Schulz, and unanimously carried, to accept the proposal of Bickmore at not to exceed \$10,000 and authorize the General Manager to execute an agreement with Bickmore.

Consider authorizing Shop Supervisor to take the 4x4 spray truck, 202-96 to Ritchie Bros. Auction to be sold at auction. Shields said we have received no inquiries of late and feel it would be prudent to put the truck in the auction. Motion by Director Kamper, seconded by Director Holbrook, and unanimously carried to authorize staff to take the vehicle to Ritchie Bros Auction and to authorize the Assistant General Manager to execute all necessary documents.

Consider authorizing the purchase of a velocity sensor at Frankenhiemer Canal. Shields said our current meter is 90% or less accurate. The unit proposed uses three beams and is much more reliable, 98% or better. He said we got three proposals from \$11,350 to \$39,200. Hydro Scientific West, Velocity Meter at \$11,350 is his recommendation. Director Holbrook asked about looking at this at Goodwin. Shields said he would give the information to Tri-Dam Manager Felte. Motion by Director Holbrook, seconded by Director Kamper, and unanimously carried to authorize purchasing the Velocity Meter from Hydro Scientific West.

Consider approval of Resolution 08-18-B of The South San Joaquin Irrigation District Authorizing the Execution and Delivery of Not to Exceed \$29,000,000 Revenue Certificates of Participation and Approving the Execution and Delivery of Certain Documents in Connection Herewith. Shields introduced Ken Martin, District's Financial Advisor, Doug Brown, District's Bond Counsel, and Kevin Martin, District's

Underwriter. He went on to say the amount not to exceed has been reduced from \$29,000,000 to \$25,000,000 because we are not using insurance, instead we are using our rating of "AA" which we received from Standard & Poors, and we are going to fund the Reserve Fund with District funds. Shields said the Bonds will reimburse us for the Robert O. Schulz Solar Farm costs; pay for the Division 9 Pressurized System; and pay for the 3rd unit generator at Tulloch Reservoir, and this will help protect our property tax allocation from the State of California, and will help maintain cash reserves for use in purchasing PG&E's assets when we enter the retail power business. This will give us cash to use for the assets in lieu of issuing taxable debt. Director Holbrook asked if paragraph 2 should not read the same as paragraph 1 on the Resolution. On page 1, number 1 says "President or Vice President"; number 2 says "President and Vice President. Doug Brown, Bond Counsel said both should read "or". Director Schulz asked about bank loans vs. bonds. Kevin Martin said the rate at this time is actually lower on bonds. Schulz asked what the current rate is; Martin said 3.85%. Director Holbrook asked about page 17 of the Preliminary Official Statement (the POS) on page 17 on the chart says acre-fee, should say acre-feet. Doug Brown said he will correct that. On page 23 of the POS Projected Water Charges in 2008 should be \$13,335,701 not \$-0-. Brown said he would correct that. Director Kuil asked when we will be closing. Ken Martin said we will be pricing the bonds on August 19, 2008 and offering them for sale on August 20, 2008. Closing will be on August 28, 2008. Director Schulz asked about limitations on how much we can earn on the construction account. Brown said the District must spend the funds within three years. Prior to three years we can earn more than the average, after we cannot. However, even though the District can earn more it will have to pay the excess to the Internal Revenue Service. Director Schulz asked if we could sell bonds locally. Brown said we could to anyone except members of the Board and the Officers and Staff who worked on the issue, Shields, Emrick and Stein, could not. Ken Martin told the Board that about a month ago we started the process of obtaining a rating from Standard & Poors. As a result of that the District received a AA rating which is excellent since it is usually given only to large municipal water agencies. Martin said Standard & Poors asked that he thank the staff for their work and compliments the Board and staff for the work they have done over the years to obtain such a rating. After discussion it was moved by Director Holbrook, seconded by Director Kamper, to adopt Resolution No 08-18-B with corrections noted above and with reduction of the \$29,000,000 to \$25,000,000.

RESOLUTION NO. 08-18-B

RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$25,000,000 REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the South San Joaquin Irrigation District (the "District"), an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), proposes to undertake the acquisition and refinancing of certain facilities; and

WHEREAS, this Board has determined that it is in the best interest of the District to cause revenue certificates of participation (the "Certificates") to be executed and delivered to acquire such facilities and to approve certain documents in connection therewith;

NOW, THEREFORE, the Board of Directors of the South San Joaquin Irrigation District does hereby resolve as follows:

1. The Installment Purchase Agreement, in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, be and the same is hereby approved. The President or Vice President of the Board or the designee thereof is hereby authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be

recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel (“Special Counsel”), and approved by the officers executing the same, said execution being conclusive evidence of such approval.

2. The Trust Agreement, in substantially the form attached hereto as Exhibit B and, upon execution as authorized below, made a part hereof as though set forth in full herein, be and the same is hereby approved. The President or Vice President of the Board or the designee thereof is hereby authorized and directed to execute and deliver the Trust Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

3. The Board of Directors of the District hereby authorize the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$25,000,000 (except such amount may be increased with the approval of the General Manager to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Certificates) in accordance with the terms and provisions of the Trust Agreement.

4. The Purchase Contract between the District and Cantella & Co., Inc., in substantially the form attached hereto as Exhibit C and, upon execution as authorized below, made a part hereof as though set forth in full herein, be and the same is hereby approved. The General Manager or the designee thereof is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval; provided, however that in no event shall the principal amount exceed \$25,000,000 nor shall the underwriting discount exceed 1.25%.

5. The preparation and distribution of the Preliminary Official Statement, in the form attached hereto as Exhibit D, be and the same is hereby approved. The General Manager of the District or the designee thereof is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and the President or Vice President of the Board or the General Manager or the designee thereof is hereby authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement which, upon execution as authorized below, is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval. The underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Certificates and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Certificates.

6. The Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit E and, upon execution as authorized below, made a part hereof as though set forth in full herein, be and the same is hereby approved. The President or Vice President of the Board or the designee thereof is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

7. The Board of Directors of the District hereby authorizes the General Manager to select a municipal bond insurer to insure payments of principal and interest with respect to all or a portion of the Certificates so long as the General Manager determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to such Certificates. Special Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Trust Agreement, the Purchase Contract, the Preliminary Official Statement and the Continuing Disclosure Certificate as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

8. The Board of Directors of the District hereby authorizes the General Manager to select a municipal bond insurer to provide a reserve fund surety bond to be deposited into the reserve fund for the Certificates, so long as the General Manager determines that obtaining the reserve fund surety will be cost effective to the District. The President or Vice

President of the Board or the designee thereof are hereby authorized to execute and deliver any customary agreement with the municipal bond insurer providing the reserve fund surety bond.

9. Union Bank of California, N.A., is hereby appointed to act as trustee under the Trust Agreement.

10. The President or Vice President of the Board or the General Manager or the designee and any other proper officer of the District, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Trust Agreement, the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Certificate, the Official Statement and this resolution.

11. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement unless the context otherwise clearly requires.

12. This resolution shall take effect immediately.

I DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution adopted by the Board of Directors of the South San Joaquin Irrigation District on August 12, 2008.

PASSED AND ADOPTED this 12th day of August 2008 by the following roll call vote:

Ayes:	Holbrook	Kamper	Kuil	Schulz
Noes:	None			
Absent:	Roos			

Consider Comprehensive Memorandum of Understanding between South San Joaquin Irrigation District and the Management Unit; Agreement runs from January 1 2008 through December 31, 2012. Shields said the agreement was written by Lee Clark, reviewed by members of the negotiating committee and is ready for the Board to approve. Director Holbrook noted some spelling errors, which Emrick said he would correct. Additionally, Emrick said there are portions of the overtime that are incorrect that he will correct. Motion by Director Holbrook, seconded by Director Schulz, and unanimously carried, to approve the Memorandum of Understanding between the District and the Management Unit with changes to be made and approved by the District's Counsel, and authorizes execution of same.

President Kuil asked for Managers' reports:

Hubkey reported:

On August 9th M-3 pump station lost power for over two hours.

Repairs on the log booms are almost complete. Have contacted Stanislaus County Parks Department about sharing the cost of the repairs but to date have heard nothing from them.

The WTP lab had its Environmental Laboratory Accreditation Program last Friday. No violations were found.

The quarterly acid clean is finished. When removing modules some cases are starting to break, this should be covered under warranty. To date we have repaired 6,000 fiber breaks.

DHS has requested that all Domestic Water Treatment Plants prepare a plan in the event a "Pandemic Flu" reaches America in the fall. Their concern is public facilities being able to sustain services if many employees become ill.

Quarterly inspection of a 4-ton crane in the Zenon building was completed, no problems were found.

Shields reported:

Received an email from the City of Ripon wanting to meet on September 5, 2008 to discuss the possibility of getting water from the District WTP.

AB844 (metal theft bill) sponsored by Assemblyman Berryhill passed out of committee and will have a floor vote soon.

Relative to AB844 the Farm Bureau sent a letter thanking the District and in particular Frank Avila for his testimony before the Assembly Committee in favor of the bill.

Manteca's Pumpkin Fair is on October 4th and 5th. Ripon's Main Street Days is on October 18th. We plan to participate at both.

Received a letter from California Senator Barbara Boxer congratulating the District on the Robert O. Schulz Solar Farm.

Kamper said Bob Mathias had contacted him relative to the Bd lateral. Sam said we are currently looking at options on how to resolve the problem. Kamper said Frank Avila and I had looked at an automated system in Salida that he thinks might solve the problem. Bologna said he would get with Avila.

Emrick reported that SEWD wants to come and address the Board on a possible annexation by them. He said he would get maps from Engineering for them to see when it is put on the agenda.

Battles reported:

That Director Kamper asked about the PG&E bills of \$21,000 and \$48,000. He said the \$48,000 was for pumps serving the cities and the WTP. He gave out the June billings, the WTP billing was \$43,263 without solar. With solar we had a credit of about \$3,500.

We gave notice to PG&E that the District intends to take advantage of the SGIP Program. We will have to install a 2nd meter and are in the process of doing the engineering.

President Kuil called for closed session. District Counsel Emrick said the Board will discuss the following in closed session.

- a. Conference with legal counsel, existing litigation, Gov. Code S. 54956. SSJID v. LAFCo, Superior Court, San Joaquin County, Case No. CV 0302559.
- b. Conference with legal counsel. Anticipated Litigation, Initiation of Litigation. Gov. Code S. 54956.9. Two cases.

Upon returning from closed session District Counsel Emrick announced the following actions were taken: The dismissal of the LAFCo suit; and authorization to intervene with OID in the PCFFA v Gutierrez case pending in U.S. District Court. There was no other reportable action taken in closed session.

There being no further business to come before the Board, it was moved by Director Schulz, seconded by Director Kamper, and unanimously carried, to adjourn to August 26, 2008 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary