

Manteca, California
October 14, 2014

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:02 a.m. President Roos called the meeting to order and led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL ROOS
ABSENT: NONE

Also present were General Manager Jeff Shields, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Executive Secretary Betty Garcia.

Public Comment - None

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$329,321.16; A/P wires in the amount of \$298,596.37; payroll dated October 3 in the amount of \$191,726.53.
- B. Approval of the regular Board meeting minutes of September 23, 2014.
- C. Approval of consent to SSJID's entry of property to read and to maintain flow meter, Wendell & Peggy Naraghi, APN 247-160-07.
- D. Approval of consent to SSJID's entry of property to read and to maintain flow meter, Darius & Carla Naraghi, APN 245-080-16.
- E. Approval of consent to SSJID's entry of property to read and to maintain flow meter, Ambrosio & Elvira Rodriguez, APN 249-120-09.
- F. Approval of consent to SSJID's entry of property to read and to maintain flow meter, Pieter Groenveld, APN 249-110-63 & 249-110-64.
- G. Approval of consent to SSJID's entry of property to read and to maintain flow meter, Frank & Cathleen Bellino, APN 249-020-05.
- H. Consider acceptance of easement dedications from Kenneth & Claudia Holmes and Darrell & Marie Johnson for the proposed re-routing of a portion of Lateral B-15.

Director Roos noted on page 9 of the minutes that Director Ruis should be changed to Roos. He also noted on page 10 that Jenny Roos should be spelled Ginny.

A motion was made by Director Holmes and seconded by Director Kuil to accept the Consent Calendar items with the above noted corrections and passed 5 to 0 by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

ACTION CALENDAR

Item #1 – Presentation of International Congress on Irrigation and Drainage (ICID) 2014 WatSave Technology Award to SSJID

Mr. Jeff Shaw of Stantec explained the process by which the nomination and award occurred, based on the innovative water saving nature of the project. Participants at the conference were impressed with SSJID for using technology to efficiently deliver water. He was notified via email that SSJID had been selected to receive the WatSave Technology award. He traveled to Korea on September 14 – 20 to accept the International Congress on Irrigation and Drainage (ICID) 2014 WatSave Technology award on behalf of SSJID. SSJID was recognized for its Division 9 Pressurized Irrigation System project which allows for water conservation in agriculture. The award consists of a \$2000 honorarium and a Citation and was presented to the Board of Directors and District staff.

Item #2 – Consider 2014 Water Supply results and 2015 Water Season

Mr. Shields gave an accounting of the Stanislaus diversions during the water season ending on September 30. The inflow to New Melones was 346,270AF which was the fifth driest inflow since the 1894-95 water year. He noted that 538AF had been used from the conservation account. The Tri-Dam operations report indicated that Donnells is being drawn down fairly heavy and Beardsley is dropping some.

Item #3 – Consider approval of Resolution #14-16-Q authorizing the disposition of surplus equipment at the WTP

A motion was made by Director Kuil and seconded by Director Holbrook to approve the following resolution:

**South San Joaquin Irrigation District
Resolution #14-16-Q
Authorizing the Disposition of Property
No Longer Necessary for District Purposes**

WHEREAS, the District may dispose of equipment it finds no longer necessary for the District purposes; and

WHEREAS, the Board of Directors, General Manager, District Attorney, Water Treatment Plant Manager and Water Treatment Plant Operations Supervisor are not eligible to purchase or acquire surplus equipment; and

WHEREAS, following equipment is declared surplus and of little to no value;

<u>Quantity</u>	<u>Description</u>
4	Used vacuum pumps
6	Used vacuum pump motors
2	New vacuum pumps and motors
1	Used Air compressor
N/A	Used lime slurry pump parts
2	Used chemical storage tanks
10	Used overhead lights/ballasts
1	Used ¾ HP, 3 phase motor
1	Used 5 HP, 3 phase motor

THEREFORE, BE IT RESOLVED that the District authorizes staff to dispose of the above listed surplus equipment. Items of value (vacuum pumps, qty. 2) will be listed for sale at such price as the staff determines reasonable.

PASSED AND ADOPTED this 14th day of October, 2014 by the following 5 to 0 roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

Item 4 – Consider approval of GE Module Replacement proposal

Mr. Ed Erisman stated that the District has an existing contract with GE/Zenon to replace the original eight existing of V-2 modules with the new V-3 and V-4 modules. The V-2 modules were experiencing a higher fiber break rate than was originally anticipated. The replacement of V-2 modules is complete, but the V-3’s will need to be replaced in the future. The general manager has negotiated a new agreement to allow the District to purchase additional modules at a discounted rate from the current retail price. The price includes duty and shipping, but not taxes. Director Holbrook asked about the cost of labor and Mr. Erisman said he would be using staff to make the repairs.

A motion was made by Director Holbrook and seconded by Director Kamper to authorize the General Manager to sign the agreement and lock in guaranteed pricing through 2019. Motion passed 5 to 0 as follows:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

Mr. Erisman reported the following activity at the Water Treatment Plant:

- Installation of the switch gear maintenance went smoothly. GE found a few items that will need future attention and will receive a detailed report. He will evaluate staff performing this work.

- The permeate pipeline repair is scheduled for the week of November 17.
- WTP staff opened and inspected the Sodium Hydroxide tank. The interior of the tank looked good and should last another 5 to 10 years.

Item #5 – Authorize staff to enter into an agreement with Duc Development, LLC to compensate District for the replacement of District Facilities in the Evans Estates development

Mr. Bologna indicated that the Board had previously authorized approval of the Evans Estates project that called for the relocation of a portion of Lateral “X” and “Xb” in conjunction with the project. The developer expressed an interest in having the District handle the administration of the pipeline replacement work. They felt with District staff in charge of the project it would be easier to coordinate the work and would eliminate the concern of dealing with the construction window and will assure that all work is being done to the satisfaction of the District. There is also a possibility that the District could participate in work by removing existing pipelines. The developer proposes to solicit the bids and require that the contractor enter into a contract directly with the District.

A motion was made by Director Holbrook and seconded by Director Kuil to approve the agreement that spells out the terms of the arrangement and possible assignment of the contract for pipeline work, authorize the General Counsel to make minor alterations to the agreement to accommodate acceptable changes needed to finalize the agreement and authorize the General Manager to sign the final agreement. Motion passed 4 to 1 as follows:

AYES:	HOLBROOK KAMPER KUIL ROOS
NOES:	HOLMES
ABSTAIN:	NONE
ABSENT:	NONE

Item # 6 – Consider request from Dave Schaapman to purchase a portion of land owned in fee by District, located adjacent to his property at 16645 Seidner in Escalon (APN 229-160-28) and consider terms of possible sale that will be incorporated into an offer to sell

Mr. Bologna stated that Mr. Schaapman wants to install a sump and in connection with the project submitted a request to acquire a 40 foot wide strip of land consisting of approximately 0.08 of an acre (3,480 square feet) located adjacent to his property. Director Holbrook said that he has a problem with this without an appraisal. Director Holmes suggested the District secure a lot line adjustment. The owner would need to pay all costs related to the transfer including survey, deed description preparations, lot line adjustment costs and administration fees.

A motion was made by Director Holbrook and seconded by Director Kamper to conceptually approve the sale, subject to the stipulations outlined in the staff report at a price of \$2004.28, with the addition of a condition that requires the applicant to perform a lot line adjustment in conjunction with the sale. Staff was directed to draft a purchase agreement with the Schaapmans and bring this item back to a future meeting along with a Resolution outlining the terms of the sale.

Motion passed 4 to 1 as follows:

AYES: HOLBROOK HOLMES KAMPER KUIL
NOES: ROOS
ABSTAIN: NONE
ABSENT: NONE

Item #7 – Consider approval of Resolution #14-11-P approving the revised Annexation Policy

Director Holbrook inquired about item #4.7(a) on page 6 of the policy. He is concerned the District could lose interest plus man hours and wants to ensure the District recoups all costs. Mr. Emrick said it is for a limited time period and it makes the District whole for the use of its funds. Director Roos inquired about item #4.9(a) on page 7 of the policy and Mr. Emrick said the \$2,297 per acre is the fee for 2014 that results from the formula that was approved by the District in 2009. The policy was discussed at length and both Mr. Emrick and Mr. Lindley answered the questions asked by the board.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT
RESOLUTION NO. 14-11-P ANNEXATION POLICY
AMENDING AND SUPERSEDING RESOLUTIONS 90-18-0, 93-17-0, 00-21-0
AND 09-09-A**

WHEREAS, the South San Joaquin Irrigation District receives annexation requests from time to time from Landowners whose land is not within the boundaries of the South San Joaquin Irrigation District, and

WHEREAS, it is in the best interests of the South San Joaquin Irrigation District (hereinafter "District") to annex land presently outside of District under terms and conditions as hereinafter set forth, and,

WHEREAS, District desires to adopt a uniform policy for the annexation of lands, reserving to District, however, the absolute right to accept or reject any parcel seeking annexation and further reserving to District the right to impose differing terms of annexation to such lands, and

WHEREAS, in connection with District's consideration of said policy, District finds as follows:

- A. There is an interest by landowners outside the South San Joaquin Irrigation District to have their lands considered for annexation into the District.
- B. Over the years since its inception, the District has developed, acquired, and purchased substantial and valuable assets, interests, and rights which benefit all of the members of the District.
- C. It would be unfair to Original Landowners to have new members of the District

receive the benefits of those assets without paying their pro-rata share therefor.

- D. Through sound water management practices and the utilization of existing and new facilities, water can be delivered to certain parcels not currently within the boundaries of the District.
- E. Substantial future benefit will accrue to the District and serve to benefit all Landowners in the District, including those who are currently members of the District and those seeking membership in the District now and in the future.
- F. District intends to meet the water supply requirements of Original Landowners, District's contractual responsibilities to the five cities, and the requirements of Landowners in every year, subject to its available water supply, its water rights, its available water delivery facilities, except insofar as the Board of Directors finds Water Code section 22252.1 through 22252.3, 22255 or 22257 (granting the District authority, among other provisions, to establish equitable distribution of water, responses to water shortages, and rules and regulations for distribution and use of water) applicable, and

WHEREAS, by Resolution 00-21-0, adopted on November 14, 2000, the District established two tiers of landowners; Tier I composed of landowners whose property was within the District as of November 14, 2000, and Tier II composed of landowners whose property is annexed any time after that date. Tier II landowners are entitled to equal benefits to the District's water supply to the extent of District's water supply, its water rights and its available water delivery facilities, except that the water supply of Tier II landowners is subject to reduction in order for the District to serve Tier I landowners and to satisfy the District's contractual obligations to the cities of Manteca, Escalon, Ripon, Lathrop and Tracy.

NOW, THEREFORE BE IT RESOLVED that the District policy as pertains to annexation of additional properties within the District is and shall be as follows:

1. DEFINITIONS

- 1.1. "Agreement" means the Annexation Agreement and Covenant Running with the Land described in Section 3.1.
- 1.2. "District" means the South San Joaquin Irrigation District.
- 1.3. "Existing Members of the District" and "Original Landowners" mean landowners whose property is within the District prior to the completion of the annexation of Landowners' property within the District.
- 1.4. "Tier I Landowners" means those landowners whose property was within the District as of November 14, 2000.
- 1.5. "Landowner" and "Landowners" mean owners of real property not currently

within the South San Joaquin Irrigation District who desire to become members of the South San Joaquin Irrigation District.

1.6. "LAFCo" means the San Joaquin Local Agency Formation Commission.

1.7. "Member" means a landowner whose property is within the District.

1.8. "New Capital Charges" is defined in Section 4.7.

1.9. "Tier II Landowners" refers to all landowners whose property is annexed to the District at any time after November 14, 2000. All Tier II Landowners are subject to the water supply limitations in Section 9.7.

2. APPLICATION BY LANDOWNERS

2.1. Any person desiring to annex land to District under terms and conditions set forth herein shall apply in writing to the District requesting annexation. Annexation requests from Landowners for the inclusion of their property in the District shall be initiated upon Landowner's filing an application for annexation with and paying to the Secretary of the South San Joaquin Irrigation District, the annexation fee in Section 4.9(b)(1) and a cash deposit to cover charges expected to be paid to third parties to process and obtain approvals of the annexation application. The District's internal administrative costs to process the application will be paid from the annexation fee. Such application for annexation shall be upon forms as may from time to time be developed by the District for such purposes. While this policy pertains to the initiation of annexation requests by landowners of property not currently within District, nothing herein precludes District upon its own resolution from initiating annexation requests.

2.2. The application for annexation shall describe the works necessary to deliver water from District's existing distribution system to irrigate the land seeking annexation and state the estimated cost thereof and how and when such works will be constructed. Further, it shall include, among other things, the ability of the property to be served by the District, the appropriateness or need of additional facilities to deliver water to the property, drainage and drainage considerations, location of said property, uses of said property, whether or not said property is within the sphere of influence of District, and such other factors as might reasonably bear on the consideration of annexation.

2.3. District Secretary shall review the annexation application and make a determination, in the District Secretary's discretion, whether to proceed with the annexation process based on the appropriateness of including the property within the District. If the District Secretary rejects the application, the District Secretary shall notify the Landowner. Any fees collected by District are not refundable under any circumstances, except that the annexation fee paid with the application, less District's internal administrative costs to process the application and less any other costs and expenses paid or incurred by the District and yet to be paid by the Landowner, are

refundable without interest if the District Secretary rejects the application or under the other circumstances described in Section 4.9(b)(1).

3. PROPOSAL FOR ANNEXATION

3.1. If the District Secretary approves the application, the Secretary shall prepare and submit to the Landowner for signature, a form of the Agreement. The Agreement shall contain the terms, conditions, and elections prescribed for the Agreement throughout this policy, the terms and conditions of annexation to be included in the resolution of application described in Section 3.2, and such other terms and conditions as the parties may agree upon.

3.2. Upon approval by District Secretary of an annexation application, payment of the part of the Annexation Fee described in Section 4.9 (b) (1), payment of the cash deposit described in Section 2.1 and the execution of an Agreement by the owners of land desiring annexation, the District Board may consider adoption of a resolution of application proposing annexation of the lands described in the Agreement and approval of the Agreement.

3.3. The resolution of application shall state that the proposed annexation is to be made only under the terms and conditions set forth therein and that if not approved in such form by LAFCo, that the resolution will be deemed to be withdrawn unless both District and the Landowners agree in writing to any modifications of such terms and conditions by LAFCo.

3.4. After the resolution of application has been approved by the District Board and Landowner has secured the subordination agreements described in Section 6.2, the resolution of application shall be filed by District with LAFCo.

3.5. The Landowners shall be responsible for payment of such fees as are required in connection with LAFCo proceedings, including filing and administrative fees and the costs and expenses of environmental review, title reports and recordation of documents. Additionally, the Landowners shall pay all fees and costs for soils reports, surveys, and such as necessary to fully complete the application for annexation. Further, the Landowners shall pay to District the District's reasonable costs and expenses for outside attorneys, engineering and consultants as may be reasonably incurred by District in considering said annexation. Landowner shall increase the cash deposit described in Section 2.1 as District determines will be reasonably necessary to cover such fees, costs and expenses.

3.6. The California Environmental Quality Act (CEQA) contains provisions which require environmental analysis and study of undertakings classed as "Projects". Environmental review shall evaluate pursuant to CEQA the potential impacts created by the annexation of the land, including construction of new facilities to serve the land and the importation and distribution of water to serve the land, and proposed mitigation measures, if necessary. All costs of environmental review will be that of the Landowners.

However, District may reimburse Landowners for the costs of the environmental review to the extent that the District reasonably determines the environmental review is unusually complicated and costly due to issues of significance to the District beyond those raised by the annexation. If District reimburses Landowners for such costs, District shall consider this cost as a New Capital Charge and Landowners shall repay District as provided herein and within the Agreement. The timing of environmental review will be determined by District personnel in coordination with LAFCo.

4. TERMS AND CONDITIONS OF ANNEXATION

A. QUANTITY AND QUALITY OF WATER TO BE DELIVERED

4.1. District makes no representation to Landowners or anyone else of the availability, quantity, quality, or delivery times of the water conveyed by it.

4.2. Landowners who have lands which have rights to divert the natural flows of the Stanislaus River may be annexed on such terms and conditions, as are mutually agreed on by District and such land owners, which recognize such rights and provide for supplying water in satisfaction thereof. Such lands may receive water in amounts and times which Existing Members of the District and other Landowners do not receive.

4.3. At such time as additional water supplies may become available through sources other than existing or renegotiated contracts or existing District rights, Existing Members of the District and Landowners shall be on equal footing with all lands within the District for the use thereof of such additional District water supplies, except for the constraints to which Tier II Landowners are subject. All lands within District receiving such water shall pay their proportionate share of the cost thereof.

B. CHARGES FOR WATER

4.4. Landowners will pay the same water rates charged to existing members of District. Landowners shall be assessed water charges and other amounts and charges of the District each year beginning in the year in which the annexed parcel is in a position to receive water from the District. Ordering water when available and payment therefore shall be in accordance with District rules and regulations.

C. ASSESSMENTS

4.5. This subsection of the Annexation Policy entitled, "ASSESSMENTS" would only be applicable in the event District finds itself in the position to generate revenue by this means. Therefore, for the present, neither the District nor its Board of Directors shall, by the terms of this subsection, be under any obligation to perform the duties and functions noted herein.

(a). Property of Landowners shall be assessed the same as similar lands of Original Landowners. Further, the lands of Landowners shall be given an

assessed value on the same basis as Original Landowners.

- (b). The assessment rate shall be fixed by the Board of Directors of District.
- (c). Assessment of lands of Landowners shall be equalized in the same manner as assessments on lands of Original Landowners.
- (d). Assessments for voter approved indebtedness shall be applied by District to lands of Landowners in the year following a year in which the annexed lands are in a position to receive water from the District.

4.6. Assessments levied for new water supplies to which Landowners have equal entitlement with Original Landowners and assessments levied for improvement or distribution districts formed for the benefit of Landowners shall be paid each year whether or not water is received by Landowners.

D. NEW CAPITAL CHARGES

4.7.

- (a). New Capital Charges means those charges incurred for distribution and drainage system improvements and other improvements to District facilities in whole or in part to serve Landowners as described in Section 4.11(a) and apportioned as described in Section 4.11(b). New Capital Charges shall also include capitalized construction period interest computed according to generally accepted accounting principles. Capitalized interest generally is an amount equal to interest expense on District debt during the construction period when debt is utilized by District to pay system improvements needed to effect the annexation. If the District utilizes its reserve funds instead of debt to finance improvements to serve Landowners, New Capital Charges shall include capitalized construction period interest computed using a fixed interest charge during the construction period calculated at a rate equal to the weighted average rate of return earned on District investments for the last calendar quarter before adoption by the Board of Directors of a resolution to file an application with the San Joaquin Local Agency Formation Commission to annex the land of Landowners.
- (b). Landowner may elect in the Agreement to pay the New Capital Charges in annual payments. In such event, the unpaid balance will accrue interest at 5% per annum. Annual installments will be billed and are due in accordance with Section 4.8. The first annual payment will be billed following the date that the property of a Landowner has been provided a District structure permit to connect to the District's irrigation system. Payments will be due annually thereafter until completely paid. No portion of any New Capital Charges will be allocated disproportionately to particular acres of the real property subject to annexation.

(c). The Agreement shall specify the time frame (not to exceed nine years of equal installments) during which time New Capital Charges are due and payable, if other than nine years. The Board of Directors of District, upon consultation with Landowners, shall be solely responsible for establishing the number of years which Landowners will be given to make such New Capital Charges installment payments to District, if other than nine years. New Capital Charges can be repaid at any time.

4.8. Annual payments of assessments, New Capital Charges and any deferred portion of the annexation fee, and other District charges, are due on receipt of each annual bill issued on or about November 1 of each year and are payable in two installments. The first installment is delinquent if not paid by 4:30 p.m. on December 20 of each year, and the second installment is delinquent if not paid by 4:30 p.m. on June 20 of the following year. If any required payment is delinquent, District shall collect the unpaid amounts, plus the fees, penalties, and charges authorized by the District's Collection Policy adopted in Resolution No. 2001-04-F, "Policy Governing Collection of Fees, Charges and Penalties" or any subsequent resolution which supersedes Resolution No. 2001-04-F ("Collection Policy"), and the unpaid amounts, including fees, charges and penalties, such constitute liens on the land in accordance with the Collection Policy.

E. ANNEXATION FEE

4.9.

(a). Landowners shall pay the District an annexation fee of \$2,297 per acre for each acre of land to be included within District and said fee shall be increased annually by 5% on January 1 of each year, commencing on January 1, 2015. Said fee will be computed to the nearest tenth of an acre, and to include all of said lands, whether or not encumbered by easements, rights-of-way, or reservations. No portion of any annexation fee will be allocated disproportionately to particular acres of the real property subject to annexation.

(b). The annexation fee is payable as follows:

(1). Twenty-five percent is due when Landowner submits the annexation application to District, which is refundable without interest if the District Secretary rejects the application or if the Board of Directors votes not to file an application with San Joaquin Local Agency Formation Commission to annex the Landowner's property. The amount refundable will be reduced by any costs related to the annexation which have been paid or incurred by the District and not yet reimbursed to the District by the Landowner.

(2). The remaining seventy-five percent of the annexation fee is due 14 days after the date on which LAFCo approves the annexation as evidenced by its adoption of a resolution approving the annexation and its

issuance of a certificate of completion of the annexation. If in the Agreement, Landowner has elected to pay the balance of the annexation fee in a maximum of five equal annual payments, the unpaid balance will accrue interest at 5% per annum upon LAFCo's approval of the annexation. Annual installments, including accrued interest, will be billed and are due in accordance with Section 4.8. The first annual payment will be billed following LAFCo's approval of the annexation.

(c). The Board of Directors of District may, from time to time, adjust the annexation fee per acre as herein set forth, based on the then existing depreciated value of the net assets of the District.

(d). District reserves the right to change, from time to time, the annexation fee, costs, and expenses, including those charges reimbursable to District, as to any new annexation request before its approval by the District's Board of Directors.

4.10. If Landowner fails to make any required payment of the final 75% of the annexation fee or New Capital Charges when due and such payment becomes delinquent as provided in Section 4.8, this shall be the same as the failure of a Landowner to pay for water charges or water deliveries to said property and until said payments are made, including fees, charges and penalties, i) the District may deny delivery of additional water or services to said property and ii) the District shall impose the fee, penalties, and charges authorized by the Collection Policy, and iii) if practicable, the District shall delay connection of annexed property to the District's distribution system until the past due amounts including interest and penalties are paid.

F. FACILITIES TO SERVE LANDOWNERS:

4.11.

(a). Landowners shall each bear a proportionate share of all capital costs and expenses for distribution and drainage system improvements to District facilities in whole or in part to serve Landowners. All such capital costs and expenses are considered New Capital Charges and are to be apportioned to Landowners as described in Section 4.11(b). These costs and expenses shall include, but not be limited to, easements, surveys, pipelines, canals, ditches, drains, drainlines, turnout structures, valves, gates, and permanently installed meters or other District approved "flow rate" measuring and monitoring devices. No annexation of properties not currently within the District shall be completed or approved by District without District's approval of a drainage plan for said property, when District determines such a plan is necessary.

(b). The prorated amount (rounded up to the nearest ten dollars) owed by a Landowner as New Capital Charges due District as a result of the construction of new irrigation and drainage facilities necessary to serve the annexed lands and other land is determined as follows:

[New Capital Charges divided by the total acreage served by the new facilities] times the number of annexed acres of the Landowner.

4.12.

(a). District may require in the Agreement as a condition of annexation, the execution by Landowners of conveyance to District by fee deed or easement deed such facilities, rights of way, access, and authorities as may be necessary and reasonable for the District's operation in the delivery of water and the drainage of water to or from the parcels subject to annexation. Such reasonable requests might include the existing facilities on said land or may include new facilities as hereinafter addressed in paragraphs b, c, d, e, and f below.

(b). The Agreement shall provide that where District facilities are presently located upon lands of the Landowners and subject to annexation hereunder, the costs of any and all additional facilities (including but not limited to: surveys, easement, recording fees, land leveling, etc.) required to make water available to the District service point provided for said lands for irrigation purposes shall be the sole financial responsibility of the Landowners.

(c). The Agreement shall provide that where the delivery of water to or drainage of water from the land of Landowners involves facilities not located upon lands of the Landowners or District, Landowners shall obtain, at Landowner's expense, such surveys, easements, fee title, rights of way, and facilities as may, in District's sole opinion, be reasonably necessary for the conduct of District's services to said property. All such costs for District facilities shall be included in the New Capital Charges that are the responsibility of Landowners. These costs shall be prorated according to Section 4.11(b) and collected from Landowners as New Capital Charges as provided herein and within the Agreement. The costs for any privately owned facilities are the sole responsibility of Landowners and do not qualify for the provisions herein concerning New Capital Charges.

(d). The Agreement shall provide that any and all distribution and drainage system improvements required by District in connection with service of the land of Landowners, whether improvements to District facilities the cost of which are New Capital Charges, or privately owned facilities that are the sole responsibility of Landowners, shall be completed to District's terms, conditions, and specifications as may from time to time exist.

(e). District shall be the sole and final arbitrator as to District's determination of what facilities are required, whether on property currently within District or on the property subject to annexation or others, and as to the nature, scope, and extent of said facilities. District's determination of such shall not, however, be unreasonable in view of the best interest of all the District's members.

(f). The Agreement shall provide that District shall construct all distribution and drainage system improvements to District facilities required by District in connection with service of the land of Landowners and specify the time within which such works will be completed. The capital expenditures by District to serve Landowners shall be paid by Landowners to District as provided above.

4.13. Landowners may, at their own cost and expense, and in accordance with and subject to the Irrigation District Law in Division 11 of the California Water Code, and further subject to approval of the Board of Directors of District, establish Distribution Districts and Improvement Districts for the financing, construction, operation, and maintenance of distribution systems and the acquisition of additional water.

4.14. When Landowners' property is zoned to facilitate parcels of less than forty acres, the Landowners may proceed with annexation provided suitable private easements and irrigation facilities are available and recorded, and rules and regulations governing their use, maintenance, and replacement, and such are likewise recorded in a form acceptable to District.

G. VOTING RIGHTS:

4.15. Subject to the provisions of Water Code Section 21608, all persons residing on land of Landowners shall have the same right to vote at District elections and to hold District offices as residents of lands owned by Original Landowners.

H. AMENDMENT OF TERMS AND CONDITION'S OF ANNEXATION

4.16. The terms and conditions of annexation set forth in the Agreement shall not be modified or amended except by a recorded instrument in writing executed by District and the then owners of lands described in the Agreement.

5. COVENANT RUNNING WITH THE LAND

5.1. The Agreement shall constitute a covenant, both as to the benefits and burdens, running with the land described therein and shall be binding on Landowners and all successive owners of such land described in the Agreement, or any portion thereof, for the benefit of District and all landowners in District.

6. RECORDATION OF AGREEMENT

6.1. The District shall cause the Agreement to be recorded immediately following the adoption of the Resolution Ordering Annexation by LAFCo and before recordation of the Certificate of Completion by the Executive Officer of the County of San Joaquin.

6.2. District, prior to the adoption of the Resolution Ordering Annexation by LAFCo, shall obtain from a title company of its choice and at Landowner's expense a list of all

liens and encumbrances which exist against the property described in the Agreement. District will select which liens and encumbrances are to be subordinated to the Agreement in order to establish the record priority of the Agreement. The Landowners, at their expense, shall secure a subordination agreement subordinating such liens and encumbrances to the Agreement in a form satisfactory to District. Such subordination agreements shall be recorded at the time of recordation of the Agreement, in priority determined by District. The Agreement shall provide that the Landowners, during the period between the receipt of the title report and the recordation of the Agreement, covenant not to subject the property to further liens or encumbrances than those listed prior to the recordation of the Agreement.

7. EFFECTIVE DATE OF THE AGREEMENT

7.1. The Agreement shall become effective and binding upon the parties thereto when it has been signed by both parties and approved by the District's Board of Directors.

8. LAWS, RULES, AND REGULATIONS OF DISTRICT

8.1. Landowners and the lands so annexed shall be subject to all of the laws and regulations of the State of California, including Division 11 of the California Water Code and the rules and regulations of District, now existing or hereafter made.

9. GENERAL

9.1. By approving any annexation request, District makes no representation to Landowners or anyone else of the availability of water from time to time to said property, nor the quantity, quality, or delivery times of said water to said property, and Landowner agrees that all such is subject to the sound discretion of District and subject to the availability of water.

9.2. Each Landowner shall demonstrate to District an adequate groundwater supply or other alternative water resource.

9.3. All property, once included within the District, shall become subject to the rules and regulations of District and all resolutions, agreements, obligations, and responsibilities of District, both existing and as may be added or changed from time to time.

9.4. Landowner is required to install a flow meter at its expense according to District's specifications, which is to be operational at all times. The meter will be dedicated to and owned and maintained by District. Landowners will be required to sign and deliver to District in recordable form an agreement providing District with the right to access the land of Landowners to read and maintain the flow meter.

9.5. The approval by District of any one annexation request does not obligate the District to approve any subsequent, additional, or other annexation request, and any and

all such annexation requests shall be based solely upon the sound discretion of District in considering each annexation request.

9.6. The initiation of annexation requests by Landowners shall be deemed by Landowners to be an irrevocable commitment by Landowners to District that Landowners' property, once included within District, shall be voted favorable to be a member of any subsequent improvement district, drainage district, water district, canal district, reclamation district, sewer district, groundwater recharge district, or any same or similar district to which the District agrees to become a part, forms within the same or different boundaries or achieves such powers through ballot, legislation, or otherwise.

9.7. Upon completion of the annexation of Landowner's property into the District, all Tier I and Tier II Landowners shall be, if not then in default of any payments due the District, of terms and conditions of annexation or of the rules and regulations of the District, entitled to equal benefits to the District's water supply to the extent of District's water supply, its water rights and its available water delivery facilities, except that the water supply of all Tier II landowners is subject to reduction in any year by decision of the District's Board of Directors in order for District to serve Tier I landowners and to satisfy the District's contractual obligations to the cities of Manteca, Escalon, Ripon, Lathrop and Tracy as of the date of the Agreement.

The foregoing Resolution #14-11-P was duly adopted at a meeting of the Board of Directors of the South San Joaquin Irrigation District held on the 14th day of October 2014, on the motion of Director Kamper and seconded by Director Holmes on the following roll call vote of 5 to 0:

AYES:	HOLBROOK HOLMES KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

Item #8 – Presentation of concept for supplemental annexation agreement for water service pending annexation approval

Mr. Lindley reviewed the proposed supplement to the annexation agreement explaining that SSJID would offer the landowner an agreement that would entitle them to buy irrigation water from SSJID as soon as it is physically possible to make delivery (in season), and for a term of many years in case LAFCo does not approve the annexation. This agreement (Supplemental Agreement) would be a supplement to the normal annexation process which would be pursued to a conclusion even if the landowner signs a Supplemental Agreement. If annexation is approved, the Supplemental Agreement would then lapse. Mr. Lindley discussed the financial impact and explained the Annexation Fee cannot be recognized as revenue to the District until the time LAFCo approves the annexation. However, an Entitlement Fee would be recognized as revenue at the time the Supplemental Agreement is signed. The board reviewed the principles that were considered in designing the proposed terms of the supplement to the Annexation Agreement.

It was the consensus of the board that staff should proceed with this concept where there is an interested landowner, and if a supplemental agreement can be negotiated with a landowner, it shall be brought back to the Board for consideration.

Item 9 – Consider approval of Resolution #14-17-B to authorize escrow agreement

Mr. Lindley explained that the resolution authorizes the District to establish and fund an escrow account in 2014 to pay the 2012A bonds maturing October 1, 2015 on their maturity date, and the interest thereon when due April 1, 2015 and October 1, 2015. The escrow account will be held and managed by the trustee of the 2012A bonds. He said this is a prepayment of part of the 2012A bonds outstanding. Prepayment of this debt will have a favorable effect on the debt service coverage ratio in 2015.

A motion was made by Director Kamper and seconded by Director Holmes to adopt Resolution #14-17-B which authorizes the execution of an Escrow Agreement (Series 2014A) and approves certain acts in connection therewith and certain other matters. Motion passed 5 to 0 as follows:

AYES:	HOLBROOK HOLMES KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

Item #10 – Directors report from CSDA Conference

Director Holbrook attended an excellent session and the speaker Steve M.R. Covey said the Districts needs to earn the trust of its employees and the importance of building that trust. He also attended a session that reviewed ethics and the role of the board chair. They discussed procedural requirements, public hearings – set time limits, start meetings on time, new board members indoctrination, staying in compliance with Propositions 218 and 26 when setting rates, and Robert Rules of Order. He said that his group won the golf tournament and brought back an award. He went to the Taste of the City and bid on an item from BHI (Brent Ives with the City of Tracy) and won.

Director Kuil said it was an excellent conference and he toured the Coachella Valley Water District that uses gravity irrigation and the farmers are growing three crops a year. He said Coachella developed a way to use waste water and putting it onto golf courses using 10 million gallons per day. They have a basin and are putting water back into the ground to recharge 40,000AF per year. He met a man whose father helped build the dam at Beardsley.

Item #11 – Directors report from Semitropic Water Storage District

Director Roos said Semitropic gave a presentation showing how they take water from approximately 20 agencies. They have settling ponds where the agencies bank water and can use it in later years. He said all of their board members are farmers. Semitropic has an electrical substation and they drill their own wells up to 1000 feet deep.

Mr. Shields noted as they flew to Bakersfield he saw five wildlife preserves. He noted there were not a lot of row crops and millions of acres are not being farmed. He said Semitropic purchased a drilling rig for \$1 million and they are drilling neighbor friendly wells as deep as

1106 feet. They use a neighbor's well in order to help dig the wells. He stated that Semitropic has great community relations. They have dug 81 wells in the span of 10 years.

Item #12 – Communications

Director Kamper asked if the District was going to install automated Waterman gates on pipelines. Mr. Bologna said yes the District crews have already begun necessary meter installation work to accommodate the gate installation on lateral "Bd" that will be installed by Waterman as a pilot project. If this pilot project works, installations on other laterals may be considered as well.

Director Holmes said he would like to meet with the Ag Water Committee to discuss water usage and that 10% of water is lost down the drains. He wants to discuss the Division boundary alignments and asked that the water and engineering department personnel attend the meeting.

Troylene Vallow, Communications Coordinator

- Great Valley Book Fest will be held on October 18 from 10:00 am to 4:00 pm.
- Main Street Day in Ripon will be on Saturday, October 18 from 9:00 am to 3:00 pm.
- SSJID will host the Manteca Chamber coffee on October 22 from 8:00 to 9:00 am and will discuss retail electric.
- Safety Day is on Wednesday, November 5, starting at 7:00 am.
- Manteca Unified School District AG Venture Day is November 6.
- Manteca Senior Breakfast is on Saturday, November 15. She would like representation from as many of the board members and their spouses as possible.
- Boys & Girls Club telethon is on November 25 and will be broadcasted on Comcast television.
- LAFCo hearing date has been set for December 10 – 12.

Sam Bologna, Engineering Department Manager

- Conservation program has committed \$242,922 and paid out \$169,297, for 2014.
- Keith Sausedo attended the Delta Water Coalition meeting and they discussed the nitrates certification program and jurisdictional boundaries; watershed area versus County boundary lines.
- Held a conference call regarding the pressurized irrigation study and on-farm economics. Planning a staff workshop for Friday, October 17.
- Attended Ag Water committee meeting; discussed water balance, grower surveys, and drains.
- Preparing for winter projects.
- The well installation work at the East pond will begin soon.

Jeff Shields, General Manager

- October flows in the Stanislaus River were increased from 150CFS to 200CFS. On October 15, they will increase to 500 and up to 1,250CFS over the next two weeks. He distributed a letter that both OID and SSJID wrote to the SWRCB in regards to the fall pulse flows on the Stanislaus River.

- SWB curtailment order is set to continue to March 2015. The SWB instructed the Bureau to “bypass natural and abandoned flows in order to prevent injury to other lawful users of water.” Per the 1988 agreement any flow that comes into New Melones in the water year is in-flow under our rights. The District informed the Bureau that the purpose of the SWB order is to protect senior water rights which is precisely why the Bureau needs to hold these flows in storage to meet OID & SSJID’s allocations next summer.
- AECA is sponsoring a renewable energy workshop for farmers on November 12 in Fresno. The focus will be on bioenergy and solar. He distributed information.
- He will be speaking at the Stockton Chamber of Commerce and Business Council meeting on Wednesday, October 15 at 9:00 am. The topic is the drought and its economic impacts.
- October 20 there is a meeting at Jim Costa’s office.

The following structure permits are approved.

- Ambrosio Rodriguez, APN 249-120-09
- Premier Ranches, APN 228-120-01 and 228-120-02

It was announced that items 13 a, b, & d would be discussed in Closed Session.

Item #13 – Closed Session

- a. Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
- 2 cases
- b. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) or (3) of Subdivision (d) of section 54956.9
1 case
- d. Conference with Legal Counsel – Existing Litigation
Government Code Section 54956.9 (d) (1)
Bonde vs. SSJID. San Joaquin County Superior Court
Case No. 39-2013-00300234

Upon their return from closed session, it was announced the following action was taken on item #13 b in closed session:

A motion was made by Director Kamper and seconded by Director Holbrook to deny the claim of Joe Dutra. Motion passed 5 to 0 as follows:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
 NOES: NONE
 ABSTAIN: NONE
 ABSENT: NONE

ITEM #14 – ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Kamper and seconded by Director Holbrook to adjourn the meeting at 12:33 p.m. Motion passed 5 to 0 as follows:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

ATTEST: _____
 Betty Garcia, Executive Secretary