

Manteca, California
November 18, 2014

The Board of Directors of the South San Joaquin Irrigation District met in special session in their chambers at the hour of 9:01 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 \$318,286.93; A/P wires in the amount of \$533,803.40; payroll dated October 31 and November 13, 2014 in the amount of \$366,185.55.
- B. Approval of the regular Board meeting minutes of October 28, 2014.
- C. Approval of consent to SSJID's entry of property to read and to maintain flow meter for Dole 2009 Revocable Trust, APN 245-130-22.
- D. Approval of consent to SSJID's entry of property to read and to maintain flow meter for Allen Dale & Janis Aletha Sipma, APN 226-150-48.

A motion was made by Director Kuil and seconded by Director Holbrook to accept the Consent Calendar items as submitted 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 – Consider 2015 Water Season

Mr. Jeff Shields distributed Tri-Dam daily operations report, daily CVP water supply report from the US Bureau of Reclamation, and the reservoir conditions report. He said Beardsley is running strong and that generation of electricity is picking up. For the current water year New Melones

is at 63% of normal for inflow and precipitation is 21% of normal. He reported that Shasta and Lake Oroville are down and that Exchequer Reservoir is extremely low.

Item #2 – Consider holiday recognition for staff

Mr. Shields stated it would be beneficial to structure an opportunity to demonstrate the District’s appreciation of its employees by closing the offices on the day prior to and after Christmas; and also close on New Year’s Eve and the day after New Year’s Day.

A motion was made by Director Holbrook and seconded by Director Kamper to close the office on the day before and the day following Christmas and New Year’s Day. Motion passed 5 to 0 as follows:

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

Item #3 – Consider budget amendment for 2015 Fiscal Year end at Water Treatment Plant

Mr. Ed Erisman said while preparing the calendar year 2015 budget, staff realized due to changes in anticipated water demands, there would be a budget increase for the City of Manteca and Tracy. The cities were notified about the budget adjustments and neither city objected.

A motion was made by Director Holmes and seconded by Director Kuil to approve the budget amendments for the Fiscal Year 2015 budget. Motion passed 5 to 0 as follows:

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

Mr. Erisman reported on the following items:

- DA Wood started excavation of the permeate pipe at the WTP yesterday.
- The two new hypo tanks were delivered and set on their bases last week.
- Interior tank coating repairs were completed by Hansen painters on M3 and L1 tanks last week. We are waiting for the VOC sample results to come back before putting them into service.

Item 4 – Consider amendment to irrigation service abandonment agreement for Kenneth De Jong Trust (APN 226-110-08 consisting of 24.61 acres)

Mr. Bologna said that DeJong was signed off in May 2002. He wants to sign back on in order to receive District water and is currently irrigating with a sprinkler system supplied by an onsite well.

The owner has not specified that there is an emergency to receive District water. Unless a finding is made that an emergency exists, the applicant will be required to wait one year from the date of application to receive water.

A motion was made by Director Kuil and seconded by Director Holmes to approve the agreement to amend irrigation service abandonment agreement for Kenneth De Jong Trust (APN 226-110-08 consisting of 24.61 acres) based on the specific conditions recommended by staff to be included in the amended agreement and shall be subject to the terms and conditions specified in the revised policy entitled “policy for rescinding irrigation service abandonment.” Motion passed 5 to 0 as follows:

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

Item #5 – Consider amendment to irrigation service abandonment agreement for David and Ken Roos (APN 245-110-31, 32, 34, 35, 36 consisting of 135.61 acres)

Mr. Bologna stated these parcels had been signed off by Frank Martins in November 1994. The current owners want to amend the existing service abandonment agreement so the property can receive District water. Currently the property is irrigated with a sprinkler system supplied by multiple onsite wells.

A motion was made by Director Kamper and seconded by Director Holmes to approve the amendment to irrigation service abandonment for David and Ken Roos (APN 245-110-31, 32, 34, 35, 36 consisting of 135.611 acres) based on the specific conditions recommended by staff to be included in the amended agreement and shall be subject to the terms and conditions specified in the revised policy entitled “Policy for rescinding irrigation service abandonment.” The application will be required to wait one year to receive water. Motion passed 5 to 0 as follows:

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

Item # 6 – Consider request from the City of Manteca to enter into a service agreement with the City of Manteca as a pre-annexation of the area referred to as Zone 39

Mr. Bologna stated that the City of Manteca plans to extend services to landowners within the southwestern area of the city known as Zone 39 but being out of the District’s service area presents issues regarding potable water service and storm drainage service. The City believes the best course of action is annexation of the southwest area into the District’s service area. Although the annexation process can be time consuming, the City is interested in an interim, out-of- area service agreement and willing to pay a reasonable entitlement fee associated with such agreement. Director Holmes questioned the real benefit to the District to enter into this agreement. Mr. Bologna indicated that accepting this area would allow the City and the District to be consistent with its services for both storm drainage and domestic water and that this area is also being considered in the retail electric service area. Additionally, there may be some future benefit for reclaiming stormwater for beneficial use in the future.

A motion was made by Director Holbrook and seconded by Director Kuil to work out details concerns raised in the board discussion and bring the proposed agreement back to the Board for final approval.

Motion passed 4 to 1 as follows:

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

Item #7 – Consider the following regarding request from G & E te Velde Orchards, Inc. to:

- a) Authorize filing a notice of exemption with CEQA for a water service agreement**
- b) Approve the supplemental water service agreement**

Mr. Bologna distributed an amended staff report and attachments to the board for review including a CEQA study finding the proposal exempt. He said that Mr. te Velde submitted an application to annex his property into the District on October 22, 2013. The property consists of 448.52 acres that is located south of River Road, west of Sexton Road. At the October 14, 2014 board meeting, the Board adopted changes to the District’s annexation policy and approved the concept of entering into a supplemental agreement with applicants as a means to provide water on an interim basis until annexations can be processed by LAFCo in a timelier manner. Mr. te Velde has signed the water supply agreement and has submitted an addendum to the annexation application together with 25% of the annexation fee. An additional 50% of the annexation fee will be due upon board approval of the water supply agreement. The remaining 25% of the annexation fee will be collected once the annexation has been approved by LAFCO.

A motion was made by Director Holmes and seconded by Director Holbrook to approve the supplemental water service agreement and to find the water service agreement exempt from CEQA review and authorize staff to file a Notice of Exemption. Motion passed 5 to 0 as follows:

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

Item #8 – Consider approval of 2015 budget

Mr. Lindley reviewed the proposed 2015 budget with the board. He stated that irrigation water sales revenue has increased since the volumetric rates were implemented. He said the budgeted debt service coverage ratio is at 508% which is a very strong number in comparison to the 125% minimum required by the District’s bond indenture. He reviewed budgeted revenues and expenses, capital and debt expenditures for 2015.

A motion was made by Director Holbrook and seconded by Director Kamper to adopt the 2015 budget as submitted. Motion passed 5 to 0 as follows:

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

Item 9 – October 2014 financial statements

Mr. Lindley was available for questions from the board but made no formal report. This was an information item only and no action was taken.

Item #10 – Consider approval of Resolution #14-18-B authorizing transfer of funds from the rate stabilization fund to the revenue fund

A motion was made by Director Holbrook and seconded by Director Kuil to approve Resolution #14-18-B authorizing a transfer of funds from the rate stabilization fund to the revenue fund for refunding bond series 2012A in an amount up to \$661,175.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT
RESOLUTION NO 14-18-B
AUTHORIZING TRANSFER FROM RATE STABILIZATION FUND TO
REVENUE FUND FOR REFUNDING REVENUE BONDS SERIES 2012A**

WHEREAS, The South San Joaquin Irrigation District (“District”) has outstanding debt known as the Refunding Revenue Bonds, Series 2012A (“Bonds”), and,

WHEREAS, the Indenture of Trust for the Bonds (“Indenture”) establishes a Rate Stabilization Fund (“Rate Fund”) to help the District satisfy the rate covenant established by the Indenture (“Rate Covenant”), and

WHEREAS, the Indenture provides that the District may transfer funds from the Rate Fund to the Revenue Fund designated by the Indenture, in an amount not exceeding 25% of debt service paid in the same year, for purposes of satisfying the Rate Covenant, and,

WHEREAS, the District has determined that the sum of up to \$661,175 is the maximum amount that may be withdrawn from the Rate Fund and deposited into the Revenue Fund in accordance with the Indenture, for purposes of the Rate Covenant in 2014, and

WHEREAS, the District finds that it is appropriate to effect a transfer of up to \$661,175 from the Rate Fund to the Revenue Fund, in order to assist the District in satisfying the Rate Covenant,

IT IS RESOLVED by the Board of Directors of South San Joaquin Irrigation District and it is ordered that the General Manager shall forthwith cause the transfer of the sum of \$661,175 from the Rate Stabilization Fund to the Revenue Fund as provided in the Indenture.

PASSED AND ADOPTED on this 18th day of November, 2014 by the following 5 to 0 roll call vote:

Ayes: HOLBROOK HOLMES KAMPER KUIL ROOS
Noes: NONE
Abstain: NONE
Absent: NONE

Item #11 – October 2014 investment reports

Mr. Lindley was available for questions from the board but made no formal report. This was an information item only and no action was taken.

Item #12 – Communications

Director Kamper assisted in serving at the Senior Breakfast in Manteca.

Director Roos said that he attended the SJTA meeting in Turlock with Jeff Shields on Monday, November 17. He stated the San Joaquin River Group is discussing a proposal to hire an executive officer. He also attended a meeting with Oakdale Irrigation District and the Tuolumne Water District to discuss Tuolumne’s belief that they have rights to take water out of the Stanislaus River.

Director Kuil attended the GBA meeting and the GBA stated they will be sending letters out to their members in regards to measuring the wells in their area.

Director Holmes attended an Agricultural Water Committee meeting on November 3 to discuss how to minimize spilled water, monitoring customer service, encouraging water conservation among farmers, and putting limitations on water use per acre. He said the meeting was productive and it is important to listen to the ditch tenders. There is a need to promote water conservation.

Bere Lindley, Finance and Administration Manager

- He distributed information in regards to Division 9 pressurization income and estimated expenses for the 2014 water season.
- An increase in pressurization rates and a provision for an annual inflation adjustment may be needed. These changes would need to follow the Proposition 218 process.
- Partial defeasance closing process for the 2012A bonds has begun and will be completed December 1.

Troylene Vallow, Communications

- Thanked board members and staff who assisted in serving at the Senior Breakfast in Manteca.
- Distributed thank you notes from the Manteca Fire Department and the Garden Club.
- Gave a year to date update on Rex Osborn and his activities with the District. He has assisted with employee evaluation software, chamber outreaches, core values, work place violence prevention, and self-defense.

Sam Bologna, Engineering Department Manager

- Conservation program has committed \$242,922 and paid out \$169,297.
- Received a draft On-Farm economic report related to the Pressurized Study.

Jeff Shields, General Manager

- He attended the City of Escalon city council meeting on Monday, November 17 and received a Resolution of Support for the District's LAFCO Retail Electric application.
- Ralph Roos and he met with the Oakdale Irrigation District general manager and board president to provide guidance on a labor contract/PERS issue where they over collected from employees going back to 2009. The mistake was discovered by Rick Dodge and the amount is approximately \$29,000. The direction was to refund the employees money.
- ACWA annual dues are \$19,280 for 2015 which is a 5.5% increase over 2014.
- The CSDA dues of \$5,691 were paid which is an increase of 7.5% over 2013.
- He met with the commissioner of the Bureau of Reclamation in San Diego with Steve Knell and Tim O'Laughlin on November 13. They discussed the 2015 Plan of Operations and 1988 stipulation and proposed a water plan to help the bureau.
- State Water Board lifted curtailment orders until further notice.
- Sustainable Groundwater Management Act meetings with SJFB, SJ County Water agencies and ESJGBA. One thing that may come out of this meeting is that SSJID might want to become the local Groundwater Sustainability Agency. We have sufficient well data between our wells and the cities to meet the DWR's requirements and we most likely have the ability to meet the definition of sustainable groundwater well ahead of the rest of the basin.
- A federal water bill has SSJID and OID predation language and also Warren Act language from CCWD and OID/SSJID. We alerted congress to our objection to CCWD storing water since they don't have the right to water in New Melones. There is a conference call tomorrow with CCWD to resolve this matter.
- SJVAPCD conducted an inspection of the District's gasoline storage facilities and found that we did not have a required Phase 1 vapor recovery system. We corrected the problem and will pay a \$400 fine to SJVAPCD.

It was announced that items 13 a, b, & c 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
- 1 case
- b. Conference with Real Property Negotiator
Property: Water
Agency Negotiator: Jeff Shields, General Manager
Negotiating Parties: District, Stockton East Water District, Semitropic Water Storage District, Westlands water District
Under negotiation: Price and terms of payment
- c. 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 reported that no reportable action had been taken.

ITEM #14 – ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Holmes and seconded by Director Kuil to adjourn the meeting at 1:10 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