

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

October 26, 2016

The Board of Directors of the Nevada Irrigation District convened in regular session at the Mt. Pleasant Farm Bureau Hall located at 3333 Mt. Pleasant Road, Lincoln, on the 26th day of October 2016 at 9:00 a.m.

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

Staff members present included Rem Scherzinger, General Manager; Tim Crough, Assistant General Manager; Marvin V. Davis, Finance Manager/Treasurer; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Dustin Cooper, District Counsel; and Lisa Francis Tassone, Board Secretary.

MINUTES – October 12, 2016 Regular Meeting

Approved the minutes of the regular meeting on October 12, 2016, as submitted. M/S/C Wilcox/Miller, unanimously approved

WARRANTS

Approved the following warrants: All Fund Nos. 76893 through 77123, inclusive. M/S/C Wilcox/Miller, unanimously approved

ANNEXATION OF VILLAGE I IN LINCOLN – Tax Share Agreement

Tim Crough, Assistant General Manager, presented a recommendation from the Administrative Practices Committee to approve a Tax Share Agreement with the City of Lincoln for annexation of a portion of Village I. The Agreement was prepared by Staff using the current Master Tax Sharing Agreement with Nevada County, Grass Valley and Nevada City, as a template. With the exception of including the County as a third party, the Agreement is the same. The Agreement has been reviewed by District

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Counsel, the City of Lincoln, and the City's Counsel, and is now ready for approval by the agencies. The Agreement will be presented to the City Council on November 15, 2016.

Director Wilcox asked if this annexation is an interior exclusion area within the District's boundary.

Mr. Crough responded affirmatively.

Discussion ensued about the Sphere of Influence, a planning document. Director Wilcox noted that the Local Agency Formation Commission (LAFCo) is in the process of reviewing the District's updated Sphere of Influence document.

Director Drew requested that the last paragraph on page 1 of the Staff Report for this item be amended as follows (change in *italics*): In case the Council approves the Agreement subject to minor non-substantive edits, we ask that the Board of Directors authorize Staff to make the necessary changes subject to Legal Counsel's *and the General Manager's* concurrence.

Approved Tax Share Agreement for Apportionment of Property Taxes between the District and the City of Lincoln for annexation of Village I in Lincoln, and authorize the General Manager to execute the Agreement upon approval by the City of Lincoln. M/S/C Miller/Morebeck, unanimously approved

QUARTERLY INVESTMENT REPORT – For Quarter Ending September 30, 2016

Marvin Davis, Finance Manager/Treasurer, provided the Quarterly Investment Report for period ending September 30, 2016. The Report includes all investments managed by the District, but not held for external trustees. Funds held for external trustees or fiscal agents include assets such as unused bond proceeds, deferred compensation plans and escrow retention funds. The 2016 spending plan anticipates the District requiring approximately \$9.3 million in cash and short-term investments, and the District is well in excess of this amount. Due to internal control improvements and market cooperation, year to date investment earnings are \$667,268 compared to total 2015 earnings of \$487,094.

Director Wilcox asked why one of the FFCB Bonds is at a loss, while all the other bonds are at a gain.

Mr. Davis explained that these are unrealized gains/losses until the bonds are sold.

Received and filed the Quarterly Investment Report for quarter ending September 30, 2016, in accordance with the District's Investment Policy. M/S/C Miller/Morebeck, unanimously approved

HYDROELECTRIC COMMUNICATIONS STUDY AND MASTER PLANNING PROJECT – Award of Contract

Tonia Tabucchi Herrera, Associate Engineer, stated that Hydroelectric Communications Study and Master Planning Project is part of a larger, phased Project. The District proposes to upgrade the Supervisory Control and Data Acquisition (SCADA) for all powerhouses. The SCADA proposal will be scheduled for the end of the year with implementation occurring in 2017. Completion of these Projects will improve operational efficiencies.

The goal of this Project is to:

- 1) Study the District's existing infrastructure
- 2) Develop a master plan for a communication network to connect all powerhouse SCADA HMIs and LANs in the most secure and cost effective manner
- 3) Provide phased recommendations over five years to complete these improvements

The District asked 15 consulting firms to provide proposals for the Project, and received four; three firms declined to propose. Leidos Engineering, LLC was ranked as the most favorable consultant by demonstrating a clear understanding of the Project, and the necessary background and staffing to complete the Project.

Discussion ensued regarding security clearance for the District's SCADA system. Staff explained that no information is available on the internet regarding District operations. Other security mechanisms are in place to prevent access.

Director Wilcox asked if there is the possibility to add new facilities as necessary.

Ms. Herrera responded affirmatively.

Awarded consulting contract to Leidos Engineering, LLC in the amount of \$129,648 for the Hydroelectric Communications Study and Master Planning Project, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved

CHICAGO PARK POWERHOUSE SWITCHBOARD AND RELAY UPGRADE PROJECT – Award of Contract

Adrian Schneider, Senior Engineer, stated that the Chicago Park Powerhouse is one of the District's seven powerhouses with a capacity of 39 megawatts and was placed in service in 1966. Portions of its older components need to be upgraded to match current technologies to eliminate reliability deficiencies, support current maintenance and troubleshooting capabilities, and to improve operational ease and monitoring. The Powerhouse's voltage regulator was upgraded in September 2016. Additional work is being conducted to upgrade the Powerhouse's Switchboard and Relays in 2017.

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HDR is under contract with the District to provide design documents and has assisted with the bidding of a company to build and install equipment for the Powerhouse switchboard and relay upgrade. A request for quotes was sent to five vendors: Mesa Associates Inc.; Bat Electric; AC Electric; Canus; and Industrial Electric Mfg. On October 14, 2016, one quote was received from Mesa Associates Inc.

The proposal/contract amount is for \$396,568 and includes off-site fabrication of the equipment, shipping, installation of the equipment, and start up testing for the Project.

Director Morebeck asked who built the voltage regulator.

Mr. Schneider stated that Al d'Heurle built the voltage regulator. Mr. Schneider showed the Board an electro-mechanical unit (existing old equipment) and a micro-processor unit (modern equipment). This is considered a typical replacement situation for the Powerhouse.

Director Wilcox asked if the upgrades are a requirement of the California Independent System Operator (CALISO).

Mr. Schneider stated that the upgrades are not being done as a requirement of CALISO.

Director Wilcox asked what the Engineer's Estimate was for the Project.

Mr. Schneider stated that the Engineer's Estimate was \$243,600.

Director Wilcox stated that the difference between the quote received and the Engineer's Estimate is very high.

Director Miller made a motion to award a contract to Mesa Associates, Inc. in the amount of \$396,568 for the Chicago Park Powerhouse Switchboard and Relay Upgrade Project, and to authorize the General Manager to execute the necessary documents. Director Drew seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Aye
Wilcox, Division V	Abstain

MAINTENANCE DEPARTMENT ACTIVITIES – PowerPoint Presentation

Brian Powell, Maintenance Manager, provided a PowerPoint presentation on the various activities conducted by the Maintenance Department.

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Upon conclusion, President Weber asked that Mr. Powell express the Board's appreciation for the hard work that is being done by the employees in the Maintenance Department.

WATER STORAGE AND CONSERVATION – Update

Rem Scherzinger, General Manager, reported that the District has 184,397 acre feet of water in storage which is 121 percent of average and 70 percent capacity. Precipitation at Bowman Lake as of October 19 is 10.91 inches which is 270 percent of average.

CENTENNIAL RESERVOIR PROJECT – Water Rights Protests

Rem Scherzinger, General Manager, reported that the District has received 12 protests for water rights on the Centennial Reservoir Project.

Director Wilcox asked if the Board can have copies of the protests, and Mr. Scherzinger stated that he will provide the Board with this information.

DRAFT BAY DELTA PLAN – Scientific Report Update

Rem Scherzinger, General Manager, reported that the State Water Resources Control Board has released the Scientific Report Update for the Draft Bay Delta Plan.

ASSISTANT GENERAL MANAGER – Update on Recruitment

Rem Scherzinger, General Manager, reported that interviews were held for the Assistant General Manager position and there are three candidates that will participate in a second interview.

PLACER COUNTY – Update on Tax Sharing Agreement

Rem Scherzinger, General Manager, reported that he anticipates that a Master Tax Sharing Agreement with Placer County will be agreed upon in 2017.

TOUR – Jim Gates

Director Drew reported that he attended a tour with Jim Gates to see his irrigation system. Rem Scherzinger and Director Morebeck were also in attendance. Director Drew stated that the irrigation system is quite impressive. Mr. Gates has been able to reduce his water usage by 35 percent.

Director Morebeck agreed that the system is impressive.

CENTENNIAL RESERVOIR PROJECT – Tour

Director Morebeck reported that Rem Scherzinger, General Manager, took him and Placer County Supervisor Weygandt on a tour of the proposed Centennial Reservoir Project.

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CLOSED SESSION was declared at 10:27 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger and/or District Counsel regarding price and terms of payment; property subject to negotiation is Placer County Assessor's Parcel No. 099-050-003.

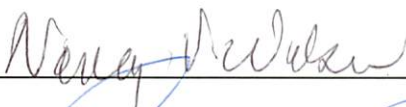


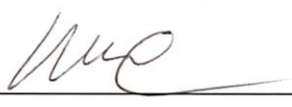

MEETING RECONVENED in regular session at 10:42 a.m.

MEETING ADJOURNED at 10:42 a.m. to reconvene in regular session on November 9, 2016, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.



Board Secretary

Attest a true record of actions had and taken at the above and foregoing meeting our presence thereat and our consent thereto.

 _____	Director Division I
 _____	Division II
 _____	Division III
 _____	Division IV
 _____	Division V