

MINUTES

**BOARD OF DIRECTORS
AMERICAN RIVER AUTHORITY
3:00 P.M. ADJOURNED BOARD MEETING
Monday, June 14, 2010**

El Dorado County Government Center
330 Fair Lane
Placerville, CA 95667

| ENTITY | DIRECTORS | ALTERNATES |
|----------------------------|---------------------|-------------------|
| County of El Dorado | Ron Briggs | Jack Sweeney |
| County of Placer | Jennifer Montgomery | Robert Weygandt |
| County of San Joaquin | Ken Vogel | VACANT |
| El Dorado Co. Water Agency | John Fraser | VACANT |
| Placer County Water Agency | Lowell Jarvis | Mike Lee |
| Public Member | Ken Yorde | VACANT |

VACANT (Chair of the Board)
VACANT (Vice-Chair)

David Breninger (Executive Director)
Chris Williams (Counsel)

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call & Introductions

The meeting was called to order at 3:02 p.m. by Director Fraser. Each Board member present introduced themselves.

ARA Members Present: John Fraser, El Dorado County Water Agency
Lowell Jarvis, Placer County Water Agency
Jennifer Montgomery, County of Placer (participated via teleconference call)
Jack Sweeney, County of El Dorado
Ken Vogel, County of San Joaquin
Ken Yorde, Public Member (voting member)

ARA Staff Present: David Breninger, Executive Director
Ed Horton, ARA Consultant
Joseph Parker, Treasurer
Chris Williams, Legal Counsel

3. Organizational Matters:
 - a. Recognize newly appointed members.

Action: None

- b. Appointments, if any, to the vacant Alternate positions.

Director Vogel noted San Joaquin County does not have an alternate.

Action: Mr. Horton noted El Dorado County Water Agency can send a letter to the Authority noting who they would like appointed to their vacant alternate position.

- c. Selection of Chair and Vice Chairman.

Action: Motion by Director Fraser nominating Director Briggs as Chair; motion seconded by Director Jarvis and adopted by the following aye votes: Directors Fraser, Jarvis, Montgomery, Sweeney, Vogel, Yorde.

Motion by Director Jarvis nominating Director Fraser as Vice-Chair; motion seconded by Director Sweeney and adopted by the following aye votes: Directors Fraser, Jarvis, Montgomery, Sweeney, Vogel, Yorde.

B. PUBLIC COMMENT:

No member of the public commented.

C. CONSENT CALENDER:

1. Approval of minutes: June 16, 2008, adjourned board meeting.

Action: Motion by Director Jarvis approving Consent Calendar item 1; motion seconded by Director Sweeney and by the following aye votes: Directors Fraser, Jarvis, Sweeney, Vogel, Yorde. Director Montgomery abstained.

The Board next heard item D.4.

D. GENERAL ITEMS:

1. Update on activities related to the existing Auburn Dam site. See State Department of Parks and Recreation letter dated May 11, 2010.

Mr. Horton reported the U.S. Bureau of Reclamation (Bureau) is struggling with what to do with its properties in the American River canyon. He noted it is a good reason for the Authority to stay engaged.

Mr. Breninger gave some history of the American River canyon. The Bureau is walking away and leaving the canyon in an unhealthy state with a lot of fuel load and lack of fire protection. He noted effort needs to be taken to represent the water resources in this county, for those who have water rights or expect to have some yield of water at the right time, that all is being maintained well.

It was suggested the proper entity approach the Mid-Pacific Region and/or the Folsom office with a delegate and get clarity as exactly what is the Bureau's role and why it is ceasing to fund and finance that with which they have done for a long time. (Handout provided)

Discussion followed about what the counties and Authority's roles could be due to the Bureau removing itself from taking care of the lands.

Action: Director Sweeney suggested a plan be formulated and one spokesperson—the Executive Director, or his designee, work with different counties planning departments on their role of taking care of the land.

Director Sweeney said he would talk to his Planning Director.

Mr. Breninger suggested Mr. Williams see what role the Authority can play and then the Authority can define and pursue it.

Director Sweeney left at 3:57 p.m. He was not present for items D.2., D.3., D.5., D.6., and E through I.

2. Receive final audit report on the Financial Statements for the fiscal years ended June 30, 2006 and 2007:
 - a. Direct the Executive Director, or Treasurer, to enter into an agreement with either the Placer County Auditor Controller's Office (first choice) or Placer County Water Agency's audit firm, Maze & Associates, to perform financial statement audit services to the Authority for years ending June 30, 2008, 2009 and 2010 at a fee not to exceed \$10,500.

Mr. Parker reported the financial statements were audited by the El Dorado County Auditor/Controller who provided a clean-unqualified opinion for the two years presented. He highlighted the management discussion analysis, internal control report, and auditor's findings.

Action: Motion by Director Jarvis to receive & file the audit report; motion seconded by Director Yorde and adopted by the following aye votes: Directors Fraser, Jarvis, Vogel, Yorde.

Mr. Parker asked for direction for Authority staff to enter into an agreement with either the Placer County Auditor/Controller or PCWA's audit firm to perform the finance statement audit for the three years ending June 30, 2008, 2009, and 2010. He noted Placer County prefers to compile the financial statements and have someone else to audit them. Maze & Associates would be willing to do the audit.

Action: Motion by Director Yorde that staff move ahead with the audit of 2008, 2009, and 2010 with the County compiling the financial statements and Maze and Associates completing the balance of the audit in an amount not to exceed \$10,500; motion seconded by Director Jarvis and adopted by the following aye votes: Directors Fraser, Jarvis, Vogel, Yorde.

3. Discussion of the future of the Authority in light of current conditions.

Action: Mr. Breninger noted Authority staff can explore through Authority representation to network with state governance. He suggested staff follow up and grow the opportunity of the Authority's involvement when it represents the interests of the three counties and the two water districts. Staff can bring back results to the Authority Board.

4. Report on San Joaquin County's current status as a member of the Authority on the following:
 - a. Receive the attached memos from Authority legal counsel, Christopher Williams, dated January 27, 2009, June 12, 2009 and May 21, 2010.
 - b. Receive summary of San Joaquin County's dues/assessment paid to date to the

- Authority.
- c. San Joaquin County representatives will comment on their membership in the Authority.
- d. Board discussion and action related to San Joaquin County's membership in the Authority.

Mr. Williams reported San Joaquin County's membership status in the Authority has been pending for 12 years. The auditor discovered San Joaquin County had never signed Amendment 4, nor paid their last assessment. It was thought San Joaquin County had inadvertently neglected to sign the Amendment, but San Joaquin County's Special Counsel indicated to staff that failure to sign was not inadvertent. San Joaquin has indicated they would be glad to sign the amendment as long as all members of the Authority agree to support their water rights application on the American River.

Correspondence with San Joaquin County Counsel Tom Shepherd repeated their request that the member entities of the Authority in good faith support their pending application water rights on the American River. Staff responded multiple times that the Authority can't grant them the relief they want, but it is up to the individual members. The Authority bylaws require that Amendments be unanimously adopted. Also the assessment situation remains unremedied.

He went over options available to the Board.

Director Vogel asked for clarification of the future plans of the Authority and benefits that he can take back to his Board. He stated San Joaquin County is willing to pay its dues, but want to know how they fit into the Authority. He noted San Joaquin County has filings for American River water rights, but some entities on the ARA are opposed to their filings.

Director Sweeney stated he believes those close to the American River should manage it and remain vigilant to protect local water rights. He further noted if those entities located in close proximity to the American River don't watch over the water, someone else may take it. He expressed concern that the Authority body stay together. He noted the problems with San Joaquin County's filings. He gave examples of why Authority membership is valuable.

Mr. Breninger gave the background of the Authority, noting in 1998 there was an effort to try and find common ground among counties and water agencies of Placer, El Dorado, and San Joaquin to identify some additional powers. It has been looked at as how to maintain a local county presence within the American River watershed for the people and lands in our area.

Mr. Williams noted Amendment 4 broadens the purposes of the Authority to protect and support member entities assertions of their water development projects and water rights. The purposes and powers were amended to expand beyond the scope of the Auburn Dam.

Director Montgomery asked how what the Authority does differs than what RCRC or MCWRA does.

Director Sweeney clarified the differences and explained the purpose of Amendment 4.

Action: Motion by Director Sweeney requesting San Joaquin County ratify Amendment 4 and tender their dues current or tender their resignation within 60 days; motion seconded by Director Montgomery and adopted by the following aye votes: Directors Fraser, Jarvis, Montgomery, Sweeney, Yorde. Director Vogel abstained.

At 3:47 p.m. Director Montgomery left the meeting. She was not present for items D.1. D.2., D.3., D.5., D.6., and E through I.

(ARA Resolution 94-01 was handed out)

The Board heard item D.1. on the agenda next.

5. Discuss the financial condition of the Authority:
 - a. Presentation of proposed Authority Annual Budget for years 2009-2010, 2010-2011 and Authority's cash position.
 - b. Discussion of dues assessments for 2008-2009, 2009-2010 and 2010-2011 fiscal years.

Under item D.5.a. Mr. Horton reported on the proposed 2011 budget, the result of last year's budget, actual funding and costs for 2007/08, 2008/09. He noted the 2008/09 and 2009/10 budgets were never adopted. The Authority has been operating under a 2008 and 2009 budget. He pointed out the proposed 2010 & 2011 budget, which shows the cash position with projections at the end of 2010/11. There would still be a cash balance of approximately \$91,000.

Action: Motion by Director Jarvis approving item D.5.a, adopting the 2009/10 Budget and the 2010/11 budget; motion seconded by Director Yorde, including the cash position, and adopted by the following aye votes: Directors Fraser, Jarvis, Vogel, Yorde.

Under item D.5.b. Mr. Horton noted a motion is needed to rectify an action taken at the June 16, 2008, meeting which set an assessment for 2008/2009. Because of what happened with the Auburn project, there is no reason to bill people. So the assessment that was adopted June 16, 2008, needs to be reversed. There are no assessments for 2009/10 and 2010/11.

Action: Motion by Director Jarvis reversing the action taken on June 16, 2008, which assessed \$5,000 dues for 2008/09 and that no assessments continue for 2010/11; motion seconded by Director Yorde and adopted by the following aye votes: Directors Fraser, Jarvis, Vogel, Yorde.

6. Receive report from Kelli Reid, McNally Temple & Associates, related to continuing the Authority's website.

Mr. Horton reported on an \$150 per month quote from McNally Temple to maintain the website. It is in the budget as a \$2,000 commitment. No Board action is needed since the budget has been approved.

E. REPORTS BY ARA DIRECTORS

Director Vogel reported on the bureaucracy created by the new legislation in the Delta. He is now a member of the Delta Conservancy. It is trying to be determined how all the different Delta entities relate.

Director Fraser noted at the ACWA Conference he heard a negative presentation regarding the Delta.

F. REPORT BY ARA LEGAL COUNSEL

No report received.

G. REPORT BY ARA EXECUTIVE DIRECTOR

General Manager noted mutual frustrations over the state coming up with fees and charges and governance structure that makes no sense. Over the years the federal government hasn't paid a strong role. The role they have done is to back away from supporting water supply in this area. They have drained Folsom reservoir for cold water to meet some needs and for quantities of water being dumped to the detriment of recreation and CVP contractors above the Delta. Entities have been shorted under the allegation that there is a statewide drought that the Governor and Resource Department keep touting and will probably do so up until after the elections. He expressed concern we will be left with a coffee can of good intentions and nothing in it.

Action: He recommended this Authority play a more dominant role to defend our rights. We should take a look at what we believe our entities interests are and where there is commonality, join in on the list.

Director Fraser said they look to the Executive Director for leadership.

H. NEXT REGULAR MEETING DATE:

No discussion held.

I. ADJOURNMENT

Director Fraser adjourned the meeting at 4:22 p.m.

Respectfully submitted,

Cheri Sprunck