

**MINUTES of the REGULAR MEETING of the BOARD of DIRECTORS of  
SOUTH FEATHER WATER & POWER AGENCY**

Tuesday, May 27, 2008, 2:00 P.M.,  
Agency Board Room, 2310 Oro-Quincy Hwy. Oroville, California

**DIRECTORS PRESENT:** James Edwards, Lou Cecchi, Dee Hunter, Vivian Meyer, and Dennis Moreland.

**STAFF PRESENT:** Scott Alcantara, Environmental and Safety Manager;  
Steven Wong, Finance Division Manager;  
Art Martinez, Manager of Information Systems;  
Matt Colwell, Water Division Manager;  
Kathy Petersen, Power Division Manager;  
Jeffrey Meith, Legal Counsel;  
Michael Glaze, General Manager.

**OTHERS PRESENT:** Dan Hunter, Robert Warka, Dennis Overfield, and Hank Bailey.

**CALL TO ORDER**

President Edwards called the meeting to order at 2:00 p.m. and led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

M/S/C (Cecchi/Hunter) approving the Minutes of the special meeting on April 21, 2008, and of the regular monthly meeting on April 22, 2008.

**APPROVAL OF WARRANTS**

M/S/C (Hunter/Moreland) approving: the total Water Division expenditures for the month of April 2008 in the amount of \$403,414.64 – Warrants #22874 through #22882, #22922 through #22958, and #22993 through #23059; and, the total Power Division expenditures for the month of April 2008 in the amount of \$633,294.00 – Warrants #64234 through #64243, #64283 through #64306, and #64324 through #64372.

**PUBLIC PARTICIPATION** – Hank Bailey asked and received clarification on how to access the Agency's web site. Robert Warka complimented Power Division employees on recently completed maintenance and repair projects.

**FINANCE DIVISION MANAGER'S REPORT**

The Board reviewed a written report from Finance Division Manager Steve Wong.

South Feather Relicensing Consulting Services

Devine, Tarbell and Associates, Inc. (DTA), consultant for the South Feather Power Project relicensing submitted two invoices and reports covering the periods of February 25 through March 30, 2008 and March 31 through April 27, 2008 in the amounts of \$7,470.33 and \$10,584.44 respectively. Including these invoices, payments to DTA for their services on this project to-date amount to \$4,885,126.

2007 Audit

The Agency's auditors, Mann, Urrutia, Nelson, CPAs, have completed their field work for 2007. It is anticipated the report will be completed in the near future. The entire Finance Division staff (Pat Sands, Debby Cunningham, Cheri Ruloph and Cindy Griffin) as well as Art Martinez were commended by Mr. Wong for their efforts in assisting with the audit.

Funding Fair

Mr. Wong and Matt Colwell attended a funding fair in West Sacramento where they acquired information about possible financing options for future capital projects.

ACWA Spring Conference

Following the Funding Fair, Mr. Wong attended ACWA's 2008 Spring Conference in Monterey for two days. He was able to meet some of the Agency's P.G. & E. contacts as well as some of the

administrative staff in neighboring water districts. He attended workshops on power purchase agreements, Proposition 218 and rate setting, and managing cash and investments.

#### Property Tax

The first major property-tax revenue for 2008 was received early this month. This payment was approximately nine percent greater than the amount received last year.

### **POWER DIVISION MANAGER'S REPORT**

The Board reviewed a written report from Power Division Manager Kathryn Petersen, including storage, generation, and precipitation reports.

#### Operations

The May 1 runoff forecast, prepared by DWR, now predicts 59% of average runoff for the South Fork Feather River, which is slightly higher than the criteria for dry-year operations.

#### Record Dry March-April

The National Weather Service issued a special weather statement noting that the past two months had the lowest precipitation amounts in March and April of the same year since record-keeping began in northern California (since 1885 in Redding). South Feather's two-month total of 2.47 inches at Forbestown was the lowest since records began in 1920. Previous low combined March-April totals were 3.51 inches in 2004 and 3.87 inches in 1977.

#### Slate Creek Operations

Because Sly Creek Reservoir filled rapidly with snowmelt runoff and the generation schedules could not keep up with the inflow, with PG&E's agreement the Slate Creek tunnel gates were closed from April 30 to May 5 and 3,457 acre-feet of water was spilled to Bullards Bar reservoir. PG&E will compensate SFWPA for this water under the same terms as in a similar transfer conducted in 2005.

#### Maintenance Projects

##### Woodleaf Powerhouse 115 kV Breaker Failure

Repairs to the Woodleaf 115 kV circuit breaker closing connector rod were completed and the powerhouse was returned to service on April 24.

#### Summer Preparation Work

The crew has been busy getting facilities ready for the summer season. They cleaned up floating logs and stumps on Sly Creek Reservoir, repaired the boom logs at Slate Creek Diversion, and continued on road work to the various facilities.

The crew is also preparing the Forbestown Headquarters yard for the welding shop building expansion. As a first step, Bob Cherry led the crew in removing a section of deck from the bunkhouse (and repairing the remaining section) in order to use that area for temporary storage of the material that has been stored outside of the welding shop. A new concrete pad will be poured and a metal building will be constructed this summer.

#### General Information

##### Part 12 Inspection

The Board recently approved a contract for Geomatrix, Inc., to complete the independent consultant inspections and reports for Sly Creek and Lost Creek dams. On May 14-15, Wayne Edwards and Faiz Makdisi completed the field inspections of the facilities, and will finish the reports based on some of Richard Harlan's notes made in 2007, and their own observations.

##### Sly Creek Crest Modification Project

A field meeting was held with Forest Service staff on May 20 at Sly Creek Dam to discuss the environmental study requirements that will be required to obtain permits for the modifications to the crest of the dam. The Agency's consulting team of DMJM+HARRIS and EDAW are hopeful that the permit process with the Forest Service and FERC can be completed by the end of 2009 and move to construction in 2010.

### **WATER DIVISION MANAGER'S REPORT**

The Board reviewed a written report from Matt Colwell, Water Division Manager.

#### Distribution Operations

Water Division staff have been accomplishing water system maintenance and normal operations

tasks. Ongoing projects include irrigation and domestic distribution system betterments, new service installations, and leak repairs.

The 2008 irrigation season started on May 5 and it was not without special problems. The first identified problem was excessive seepage from the Oroville Lateral (Bangor Canal) near Skyline Boulevard that was impacting a residence. Management and staff monitored and evaluated the seepage and the resident's claim that excessive leakage has been impacting the residence for many years. The evaluation identified seepage and excessive landscape irrigation (30,000 cubic feet) to be likely contributors to the problem. The decision was made to embark on a significant canal-lining project in coordination with landowner irrigation awareness to help solve the problem. The project included approximately 700 feet of ditch re-shaping which entailed the demolition of an old stacked rock wall and 1942 WPA lining sections. The shotcrete project was completed with minimal interruption to irrigation customers.

The second major problem identified was on the Forbestown Canal below the community of Forbestown. The ditch tenders noticed that water was not showing up downstream and then ventured upstream to find a very obvious leak. In fact, the entire flow of approximately 6 cfs was disappearing in a very large hole in the bottom and edge of the ditch. The water continued to flow underground for approximately 40 feet before it surfaced. Crews expeditiously bulldozed access to the location and pushed tons of rock into the hole, trying to reshape the section of the canal. The decision was made to span the obviously porous section of the canal with water-tight corrugated HDPE pipe and the construction of stacked concrete headwall. Once again the project was completed in a timely manner with minimal impact to irrigation customers. It is already apparent that this year will be a difficult irrigation season due to dry conditions that have increased canal seepage losses.

#### Water Treatment Operations

Miners Ranch Water Treatment Plant operators have shifted operations to "Inline Treatment" and bypassing the "Full Treatment" process to meet seasonally dry condition demands. The April MRTTP production to meet demand was 132% of the recent average reflecting the lack of precipitation and dry conditions.

### **GENERAL MANAGER'S REPORT**

The Board reviewed a written report from Michael Glaze, General Manager.

#### Little Grass Valley Reservoir Access

Mr. Glaze addressed the Plumas County Board of Supervisors at its meeting last week regarding a proposal by Supervisor Ole Oleson to amend Section 10-2.02 of Title 10 of the Plumas County Code. Presently the code prohibits vehicular access by the public below the reservoir's high-water line, and requires owners of docks to obtain a permit for their dock from South Feather Water and Power Agency. Mr. Oleson's proposal was to remove the permit requirement and to exempt specific owners of property from the prohibition of vehicular access. Mr. Glaze explained to the Board of Supervisors the Agency's responsibility to not only accommodate the recreation needs of the public, but to also protect the environment and cultural sites from damage resulting from vehicles traveling on the exposed surface of the shoreline when the reservoir is not full. He recommended amending the code to allow property owners vehicular access to their docks for the purpose of repair and maintenance.

Notwithstanding Mr. Glaze's recommendation, the Board of Supervisors waived the first reading on an amendment that would allow property owners to use "motor vehicles and motor-powered land vehicles" to "travel to and/or from a dock for the sole purposes of the repair or maintenance of the dock, and/or to transport passengers...and supplies to and from the dock/water."

Mr. Glaze expressed concern that the amended code will cause property owners to think they have permission to drive vehicles on Agency property, notwithstanding existing agreements that prohibit anything other than pedestrian access. Enforcement will now be the Agency's responsibility, and will probably require legal action if environmental problems are created.

#### Relicensing

On April 21 the Board authorized Mr. Glaze to file a request for an evidentiary hearing and to submit alternative measures in response to preliminary "4(e)" conditions submitted on April 14 to FERC by the Forest Service (USFS). The four USFS 4(e) conditions that were problematic were: (1) monitoring Foothill Yellow-Legged Frogs (FYLF), fish, and benthic macro invertebrates; (2) ramping rates to allegedly protect FYLF egg-masses, tadpoles and juveniles from changes in in-

stream flow; and ; (3) installation of a fish screen at the diversion to Woodleaf Powerhouse to prevent entrainment; and, (4) in-stream flow measures.

On April 23, Cheryl Mulder, USFS Relicensing Coordinator, was advised of the Board's decision. That precipitated two weeks of numerous conference calls and face-to-face meetings with USFS representatives, resulting in the USFS revising two of the measures such that they could be accepted by the Agency. The ramping-rate measure was modified significantly, as was the fish-screen requirement (in fact, the fish screen was removed and replaced with a program to stock wild trout fry). Unfortunately, although significant effort was expended and progress was made toward a compromise, ultimately the USFS was unwilling to bend on its in-stream flow and FYLF-monitoring measures.

Even as negotiations were ongoing during this two-week period, special counsel John Whittaker and the Agency's consulting team were working on the submittals that would be necessary for the filing for which there was a May 14 deadline. Monday morning, May 12, Mr. Glaze, in consultation with special counsel and lead consultants, made the decision that requesting an evidentiary hearing on the two remaining conditions had a low probability of success. Had the other two items remained unresolved, requesting an evidentiary hearing would have been prudent. However, submitting alternative conditions on the two unresolved conditions was still very reasonable and likely to produce favorable results for SFWPA. So, by the deadline, an extremely well constructed submittal of alternative conditions was delivered to the Deputy Chief of the National Forest Systems in Washington, D.C. Directors reviewed a copy of the submittal (sans backup attachments).

There is still the possibility that negotiations will continue with the Forest Service whereby SFWPA's alternative conditions, or some modification thereof, could be agreed to without going through the formal alternative-condition process prescribed in regulations.

The Board received an estimate on April 21 of \$500,000 as the cost for an evidentiary hearing and submittal of alternative conditions. By not pursuing an evidentiary hearing, the cost for this appeal process has dropped to approximately \$150,000.

#### Exploring Opportunities for Collective Power Marketing

Out of the frustrations associated with attempting to negotiate with PG&E for a new power-purchase agreement, and as a direct result of a meeting Mr. Glaze had with Northern California Power Authority (NCPA) representatives, he initiated a call to CAPP (PG&E-partnership water districts) President Steve Felte and proposed a meeting of all CAPP members to discuss the future of power marketing and to evaluate the pros and cons of creating a joint powers authority (JPA) of public hydropower-producing agencies like SFWPA. A meeting has now been set for July 1 during which NCPA will discuss how a JPA functions and serves its members through synergistic sharing of technical resources and connecting hydro resources to loads and markets. In addition to discussing scheduling and ISO requirements, legislative and regulatory issues affecting hydropower marketing, we will also explore various paths of opportunity, the issue of CAPP members all having different license- and contract-end dates, political obstacles, and obvious next steps if there is interest in pursuing the matter.

#### Recruiting for Communication/Network Technician

Long-time Communications Technician Chuck Newman will be retiring at the end of July. With the goal of having his replacement on board for the last month of his SFWPA employment, a recruitment process was started. In addition to the Agency's own web site, advertisements were published in the local newspaper, the Sacramento Bee, ACWA News, and several others.

Interviews of top applicants will be conducted during the second and/or third week of June, with the goal of having the successful candidate vetted and on board by early July.

#### State Budget Struggles

Directors reviewed a Communications Outreach Advisory from ACWA about the potential for the State's budget problems to result in a property-tax shift.

#### Surplus Water Agreement

An application for surplus water was received from and approved for Pacific Coast Producers (from the Palermo Canal) and Young Life at Woodleaf (Forbestown Ditch). These are long-term surplus-water customers and the agreements are carbon copies of previous years. They have been approved in conformance with Policy #480.

## **DIRECTORS' REPORTS – None.**

### **WATER TRANSFER AGREEMENT**

As was reported last month, the State Water Project Contractors Authority (SWPCA) accepted the Agency's water-transfer term sheet), deposited \$50,000 to compensate SFWPA for its transfer-development costs, and confirmed that it wanted to purchase the Agency's offered 10,000 AF of water.

Subsequently, applications have been filed with the SWRCB for a temporary change in place of use, and DWR has been provided necessary information to develop a refill agreement. All processing is on track to permit commencement of the transfer on June 1, and the proposed agreement (copies provided to directors) has been approved by SWPCA and attorney Jeff Meith.

M/S/C (Cecchi/Hunter) authorizing the General Manager to execute the agreement for a transfer of 10,000 acre-feet of water from South Feather Water and Power Agency, in conformance with the Agency's Term Sheet revised February 2, 2008, effective June 1, 2008, with State Water Project Contractors Antelope Valley East Kern Water Agency, Dudley Ridge Water District, Kern County Water Agency, Metropolitan Water District of Southern California, Napa County Flood Control and Water Conservation District, Palmdale Water District, San Bernardino Valley Municipal Water District, and Tulare Lake Basin Water Storage District; and, authorizing the General Manager to execute a refill agreement with the Department of Water Resources and an accommodation agreement with PG&E.

### **CONSOLIDATION WITH STATEWIDE GENERAL ELECTION**

As required in the past, the Agency is required to submit to the Butte County Elections Department a resolution requesting the County to consolidate the Agency's election with the Statewide General Election (November 4, 2008). This same request has been made for the general elections since 1994.

M/S/C (Hunter/Meyer) adopting Resolution 08-5-1, "Calling for a General District Election and Request for Consolidation."

### **ARC-FLASH STUDY CONTRACT**

By January 1, 2009 the Agency is required by recent changes in both Federal and State Health and Safety Regulations to begin performing assessments of potential exposure to electric arc flash for employees who work near energized parts or equipment. Initially, these assessments were going to be performed by PG&E at an estimated cost of \$13,000 per powerhouse and would have been limited to arc-flash potential only.

Given that PG&E's assessments would not have included recommendations to alleviate hazardous conditions or identify associated electrical arc hazards, a quote to conduct these studies was requested from Lewellyn Technology Inc., including recommendations to alleviate hazardous conditions and identify associated arc-flash hazards for all four powerhouses. Lewellyn is a leader in the field of conducting arc-flash studies and its response was a price of \$13,500. For an additional charge of \$2,800 they can also provide the training needed to ensure employees understand the dangers associated with work near energized parts or equipment.

M/S/C (Hunter/Meyer) accepting the proposal from Lewellyn Technology, Inc., to conduct the required arc-flash study, together with authorization for the General Manager to execute a consulting services agreement for same, including employee training.

### **WECC/NERC STANDARDS GAP ANALYSIS CONTRACT**

A new level of compliance is required of entities involved with the generation and transmission of electricity, following some of the wide-spread power outages that have happened around the country. The North American Electric Reliability Council (NERC) has been authorized by FERC to act as an enforcement agency to ensure that owners and operators of power systems comply with system reliability standards that have been developed. As an owner of generating facilities with output greater than 10 megawatts, the Agency falls under these reliability standards, although it has not yet registered with NERC. Prior to registering, PG&E has recommended that the Agency determine whether it meets all standards, which primarily involve documentation of various practices related to system reliability.

At the most recent CAPP Power Managers' meeting, PG&E and MID recommended using the firm Rocky Mountain Power Services, Inc. (RMPSINC) to conduct a "standards gap analysis" to determine where documentation of practices might be missing or where there is a need to conduct specified testing. Given the complexity of some of these new standards, outside help is needed to develop the required documentation. RMPSINC provided a proposal (reviewed by directors) for these services, with a proposed cost of \$16,900. The proposed contract for services was reviewed by directors. Once the standards gap analysis is completed and the necessary documentation is developed, South Feather will register with NERC as a generator owner/operator.

M/S/C (Hunter/Cecchi) approving of, and authorizing the General Manager to execute the contract with Rocky Mountain Power Services, Inc., to conduct a WECC/NERC Standards Gap Analysis for the South Feather Power Project.

#### **CAMPGROUND FEES – 2008**

Directors reviewed a proposed fee schedule from the Agency's concessionaire, Northwest Park Management, for Sly Creek and Strawberry campgrounds. The fees proposed match those being charged by the Forest Service at camping facilities around Little Grass Valley Reservoir.

M/S/C (Hunter/Cecchi) authorizing the Board President and General Manager to execute the 'FEES AND RECEIPTS 2008' schedule, as prepared by Northwest Park Management.

#### **REJECTION OF PROPERTY DAMAGE CLAIM – EDIGER**

A property damage claim from State Farm General Insurance Company on behalf of its client, Robert and Patricia Ediger of 5359 Royal Oaks Drive, was reviewed by directors. State Farm's claim demanded payment from the Agency in the amount of \$234,952 to cover the cost of damages to the Ediger's home. A copy of an initial inquiry by State Farm (received January 4, 2008) asserting that water damage occurred in the Ediger's home as a result of a toilet valve that cracked due to high water pressure was also reviewed.

Mr. Glaze's initial response to the insurance company, dated January 8, 2008, was also reviewed. Therein he explained the Agency's policy regarding system damage beyond the meter and the requirement to have properly functioning pressure-reducing valves installed.

State Farm's claim was submitted to the Agency's insurance provider, ACWA-JPIA, who is now asking that the Agency reject the claim.

M/S/C (Cecchi/Hunter) authorizing the General Manager to execute and send the claim-rejection letter requested by ACWA-JPIA regarding State Farm General Insurance Company's claim number 55-E025-142.

#### **POWER-MARKETING REQUEST FOR PROPOSALS**

As reported last month, President Jim Edwards and Mr. Glaze had a conference call with PG&E representatives the morning of the Board's last meeting (April 22). A few minutes before the call started, a new proposal was received from PG&E that became the focal point of the conference.

Subsequently, the Agency's power-marketing consultants, Michael and Sandra McDonald, reviewed the new proposal. Their assessment was that, while the new proposal appeared to be a slight improvement over the one received in August 2007, it was still not providing adequate value for ancillary services, resource adequacy, renewable value, and peak energy during the July-December time period.

Mr. Glaze directed Mr. McDonald to communicate the Agency's concerns to PG&E. Subsequently, in a phone conversation with PG&E's Mark Bommersbach (Jeff Henderson's replacement from the Procurement Division), Dave Landes, and Kevin Goishi, they agreed to think it over and come back with a revised proposal. In response to their questions of what the Agency thought a reasonable offer would be for the various components, Mr. McDonald correctly advised them that, for this iteration, the Agency wanted PG&E to listen to its concerns and then respond with a revised proposal.

At a meeting of the PG&E-partnership districts (CAPP) in Monterey on May 6, Mr. Glaze

talked with Mssrs. Bommersbach, Landes and Goishi, and Gary Jeung of PG&E's Procurement Division, about the need to move our negotiations along. He informed them that he would be asking the Board for permission to develop and publish a Request for Proposals on May 27 if they were not responsive by then to the Agency's request for a revised proposal.

Mr. Glaze reported that, notwithstanding a recent phone conversation wherein Mark Bommersbach indicated they needed more time, there has been very little from PG&E that demonstrates its eagerness for a deal, or its ability to close the deal.

Because the clock is ticking down on the present power-purchase contract with PG&E (expires June 30, 2010), and given the very positive responses to informal inquiries the Agency has received from other market players, PG&E's continued foot dragging and equivocating, and the changing market value of Agency assets, Mr. Glaze recommended that a Request for Proposals be prepared and that the process be initiated to solicit proposals from the various entities in the power market who are eager to get an opportunity to do business with SFWPA.

M/S/C (Meyer/Hunter) authorizing the General Manager to prepare and publish, subject to approval by the Ad Hoc Power Marketing Committee, a Request for Proposals for purchasing SFWPA hydropower.

### **RECESS**

President Edwards recessed the meeting at 3:32 p.m.

### **CLOSED SESSION** (convened at 3:42 p.m.)

Conference with Labor Negotiator (Govt. code §54957.6). Agency-designated representatives: Michael Glaze and Jeffrey Meith. Employee Organizations: Water Treatment & Distribution Employees Unit; Hydropower Generation Employees Unit; Clerical and Support Employees Unit; and, Management and Professional Employees Unit.

### **OPEN SESSION** (convened at 4:13 p.m.)

President Edwards announced that the Agency's designated representative was given direction, but that no action was taken by the Board during closed session.

### **NOTICE OF INTENT TO APPROVE CONTRACT WITH P.E.R.S.**

The retirement plan presently available to Agency employees is a defined contribution plan (401a and 457 deferred compensation plans available through three unique companies). The Agency's 10%-of-gross-salary contribution, together with whatever amount each employee personally invests, goes into whichever plan the employee specifies and is 100% vested for each employee. At retirement, each employee may select the distribution plan of their choosing, and will have a balance that will be the result of their personal investment acumen and the health of the economy during their working years.

Circa 1990, the Agency considered making CalPERS (California Public Employees Retirement System) – a defined benefit plan – available for Agency employees. The process went all the way to a final vote by employees and, due to the dissemination of misinformation by certain individuals, the proposal was not supported by a majority of employees. This was unfortunate for employees because, except in rare situations, the same amount of contribution to a defined contribution plan will result in a much better retirement outcome in the CalPERS defined benefit plan.

Beginning in 2006, CalPERS again became an important item requested by employees in negotiations with all the bargaining units. In 2006 the Board authorized taking the initial step toward CalPERS by requesting the preparation of actuarials whereby CalPERS would analyze the Agency's personnel pool and determine what the cost would be for specific plans. At that time, the Board agreed to fund actuarials for three different CalPERS plans – to be selected by employees – to provide cost information over a range of plan options.

In 2007, representatives from all the bargaining units met and decided that actuarials should be done for a 2% @ 55 plan, a 2% @ 60 plan, and a 3% @ 60 plan (e.g., 2% @ 55 means that the plan would provide an employee retiring at age 55 with a retirement income equal to 2% of the average of their highest three-consecutive-year income times the number of years employed while covered by the CalPERS plan).

CalPERS finished the actuarials in early March 2008 and the reports were made available for review by all employees. Each of the plans has an employer's share and an employee's share, stated as a percent of the employees' gross annual salary. The cost for each of the three plans considered is as follows:

<u>Plan</u>	<u>Total Cost</u>	<u>Employer's Share</u>	<u>Employee's Share</u>
2% @ 55	15.128%	8.128%	7%
2% @ 60	13.597%	6.597%	7%
3% @ 60	19.420%	11.420%	8%

The Employee's Share is a CalPERS-prescribed maximum that employees can be required to pay. Any additional contribution by the employer, that would reduce the employees' share, is subject to meet and confer with the bargaining units.

With the understanding that the Agency would continue contributing 10% to each employee's retirement program, a majority of employees indicated their preference for the 3% @ 60 plan. CalPERS requires that its contract with any public employer affects all of its employees, regardless of how many bargaining units may be representing those employees. Therefore, the determination regarding which plan to pursue has to be made by employees on an Agency-wide basis, rather than on a unit-by-unit basis.

CalPERS was notified of the choice made by employees and subsequently provided information about how to proceed with consideration of the plan. Directors reviewed a letter and Summary of Major Provision for the 3% @ 60 formula received earlier this month from CalPERS.

To move forward the Board has to adopt a Resolution of Intention to approve the contract with the California Public Employees' Retirement System. If adopted, a secret-ballot election would then be conducted on June 4. If a majority of employees vote their approval for the plan, the Board would then be asked to adopt a final resolution approving the contract at its regular June meeting. The effective date of the CalPERS contract would be July 1, 2008 if all of these actions are accomplished.

Prior to the employee election, a representative from CalPERS will meet with employees on May 29 to answer questions regarding CalPERS and this program.

Pursuant to Government Code section 7507, the future annual costs as determined by the System Actuary must be made public. The future annual costs, as determined by the CalPERS actuarial valuation dated February 29, 2008 for the 3% @ 60 plan is \$431,914. The Agency's current annual contribution to deferred compensation programs is approximately \$390,000 per year.

M/S/C (Hunter/Cecchi) adopting the Resolution of Intention to Approve a 3%@60 Contract Between the Board of Administration, California Public Employees' Retirement System, and the Board of Directors, South Feather Water and Power Agency.

#### ADJOURNMENT

President Edwards adjourned the meeting at 4:14 p.m.

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Michael C. Glaze, Secretary

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James Edwards, President