

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

June 24, 2015 – 7:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President
Ken Miller	Director
Dan Rich	Director (Absent)
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Keith Durkin	Assistant General Manager
Kate Motonaga	Finance Manager
Teri Hart	Board Secretary/Administrative Assistant

OTHER ATTENDEES

Bob Churchill	Citrus Heights Water District (CHWD)
Hilary Straus	CHWD
Lucy Eidam Crocker	Crocker & Crocker
Victor Salle	Orange Vale Water Company (OVWC)
Craig Davis	OVWC
Mike Schaefer	OVWC
Dave Simpson	OVWC
Sharon Wilcox	OVWC
George Machado	SJWD
Judy Johnson	SJWD
Kevin Thomas	Sacramento Suburban Water District

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Presentations**
- IV. Information and Action Items**
- V. Upcoming Events**
- VI. Closed Session**
- VII. Open Session**
- VIII. Adjourn**

President Costa called the San Juan Water District board meeting to order at 7:00 p.m. President Costa announced that Orange Vale Water Company's Board of Directors were present. OVWC President Mike Schaefer recognized that there was a quorum and called the Orange Vale Water Company meeting to order at 7:02 p.m.

President Costa announced that the agenda that the Board received in their packets was missing Agenda Item III – Presentations.

I. PUBLIC FORUM

There were no public comments.

II. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. Minutes of the Board of Directors Meetings

Approval of San Juan Water District's Board of Director's meeting minutes as follows:

1. Minutes of the Board of Directors Meeting, June 10, 2015
2. Minutes of the Board of Directors Special Meeting, June 17, 2015

Vice President Tobin moved to approve the Consent Calendar. Director Walters seconded the motion and it carried with 4 Aye votes (Director Rich absent).

Director Walters inquired if the placeholder for the three additional positions will be included in a Board workshop and if they were included in the Compensation Study. Mr. Durkin responded that staffing will be discussed with the Personnel Committee and in a workshop with the Board. The WTP operator position is included in the Compensation Study and the others will need to be discussed by the Board. President Costa requested that data be provided when discussing the new positions which show the savings from reduced overtime. In addition, he commented that the District should consider using some retirees for contract work to help cover during vacations.

III. PRESENTATIONS

1. Folsom Lake Projected Operations – Keith Durkin

Mr. Durkin conducted a presentation on the current conditions and projected operations at Folsom Lake along with an update on the water supply reliability projects. A copy of the presentation will be attached to the meeting minutes.

Mr. Durkin reported that Folsom Lake water storage is approximately 467,000 acre-feet (AF) as of June 23, 2015, compared to historical levels above 800,000 AF. Mr. Durkin reviewed the Folsom Lake and CVP Projected Operations, and noted that CVP operations to conserve storage and cold water in Shasta for winter run salmon will greatly impact Folsom this year. Folsom is projected to drop to 120,000 AF of storage by the end of September. He reviewed various lake levels and corresponding pumping capabilities. In addition, Mr. Durkin reviewed Folsom Lake Fall 2015 Operational Scenarios, which showed various scenarios after September.

Mr. Durkin informed the Board that the staff has been working on drought planning, which includes maximizing conservation efforts, relying on

groundwater supplies, identifying and implementing projects to improve supplies (pump back project and interties), and modifying system operations. He explained that to address the worst case scenario, SJWD has been looking at alternatives to meet typical late fall-winter-spring time demands even if we have no supply from Folsom Lake. This equates to about 25 million gallons a day (mgd), with CHWD needing about 8 mgd, FOWD 6 mgd, OVWC 3 mgd, SJWD-Retail 7 mgd, and Folsom 1 mgd. Mr. Durkin added that wells and interties can produce approximately 32.4 mgd.

Mr. Durkin informed the Board that, assuming stringent conservation measures remain in place, the District has planned for sufficient supplies to meet typical demands through all but the summer months even without water supply from Folsom Lake. If USBR can deliver what they say from an emergency barge mounted pump station, the District would have supplies similar to what we have this year, meaning customers may not see additional impacts.

Mr. Durkin reported that FOWD and CHWD are each constructing new wells which will add more water supply to the system. The pump back project with SSWD is anticipated to be completed on schedule and on budget by September 22, 2015, with a final completion date of October 10, 2015. In addition, the Barton Road intertie with PCWA is on schedule and on budget with the pipeline portion of the project complete and, if needed, water could be transferred to the District within a few weeks. The pump station associated with the intertie project is expected to be completed by July 31, 2015.

In response to Director Miller's question, Mr. Durkin explained that the triggers to move to Stage 5, which prohibits outside irrigation, requires Folsom Reservoir to be below 150,000 AF and the Bureau mobilizing the barge pump station; therefore, it is anticipated that the Board will be considering moving to Stage 5 in mid-August based on the Bureau's projections.

For information, no action requested

OVWC President Mike adjourned the meeting at 7:47 p.m.

ACTION AND INFORMATIONAL ITEMS

IV. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Water Supply Update

This item was covered under Agenda Item III.

1.2 ACWA Region Election 2016-17 Term

Mr. Durkin informed the Board that Director Tobin announced her desire to be a candidate for the ACWA Region 4 board member position.

President Costa moved to adopt Resolution 15-09 Nominating Pam Tobin for ACWA Region 4 Director. Director Walters seconded the motion and it carried with 4 Aye votes (Director Rich absent).

1.3 CSDA Sierra Network Board of Directors Election

Mr. Durkin reported that CSDA Sierra Network Board of Directors elections for Seat A are due. The Board discussed the candidates.

President Costa moved to vote for Frederick Gayle for Seat A on the CSDA Sierra Network Board of Directors elections. Director Walters seconded the motion and it carried with 4 Aye votes (Director Rich absent).

1.4 PCWA Contract

Mr. Durkin reported that the contract between the Placer County Water Agency (PCWA) and the District provides for PCWA to provide to the District and the District to pay PCWA for 25,000 AF of water each year, unless the District voluntarily reduces its annual entitlement. A staff report was provided to the Board and will be attached to the meeting minutes.

Mr. Durkin explained that PCWA and District staff have agreed, since SJWD involuntarily cannot take the full amount of water and PCWA benefits from not having to deliver the water during dry years, that SJWD should not have to pay for water they cannot receive. Therefore, staff is recommending an amendment to the water supply agreement between the District and PCWA which will reduce the required payment to only 10,000 AF of water and result in a savings of approximately \$250,000.

Vice President Tobin moved to accept Amendment 1 to the Placer County Water Agency (PCWA) water supply contract. Director Miller seconded the motion and it carried with 4 Aye votes (Director Rich absent).

1.5 Report Back Item

1.5.1 Reminder of July & August Board Meeting Schedule

Mr. Durkin reminded the Board that there is only one meeting in July and August (the second Wednesday). Vice President Tobin suggested that the Board Workshop be set in July or August.

1.6 Miscellaneous District Issues and Correspondence

Mr. Durkin informed the Board that our congressional delegation sent a letter to Governor Brown urging the balance of system requirements to include the people's needs along with environmental needs. A copy of the letter will be attached to the meeting minutes.

For information, no action requested

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Water Supply Reliability Projects

This item was covered under Agenda Item III.

2.2 Report Back Items

There were no items discussed.

2.3 Miscellaneous District Issues and Correspondence

There were no items discussed.

3. DIRECTOR OF FINANCE'S REPORT

3.1. Report Back Items

3.1.1 FY 2015-16 Retail Budget Timeline and Assumptions

Ms. Motonaga conducted a presentation on the FY 2015-16 Retail Budget Timeline and Assumptions. A copy of the presentation will be attached to the meeting minutes.

Ms. Motonaga reviewed the retail budget timeline and explained that the Prop. 218 notice will require approximately 65 days to produce and mail, therefore, the public hearing for the budget will not occur until at least September 23, 2015.

Ms. Motonaga reviewed the assumptions for sales, expenses and non-budget items. She commented that she will clarify with Legal Counsel on whether or not the Board needs to approve a retail operating budget prior to the October Board meeting in order to continue business as usual.

In response to Director Miller, Ms. Motonaga explained that "negotiated reductions in contracts" means that staff is working diligently to obtain reductions in contracts even if it means going out for new bids in order to obtain the lowest competitive prices from reliable contractors.

For information, no action requested

3.2. Miscellaneous District Issues and Correspondence

Ms. Motonaga informed the Board that the audit for FY 2014-15 will begin on June 29, 2015. LSL CPAs provided the standard letter to inform the Board of the audit and a copy will be attached to the meeting minutes.

President Costa requested that the next Finance Committee meeting be set for 3:00 p.m.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

There was no report.

5. DIRECTORS' REPORTS

5.1 SGA

Vice President Tobin reported that SGA met June 11, 2015.

5.2 RWA

Vice President Tobin will report at the next meeting.

5.3 ACWA

5.4.1 Local/Federal Government/Region 4 - Pam Tobin
Vice President Tobin will report at the next meeting.

5.4.2 Energy Committee - Ted Costa
No report.

5.4.3 JPIA - Bob Walters
No report.

5.4 CVP Water Users Association

President Costa reported that the next meeting is July 21, 2015.

5.5 Other Reports and Comments

Director Miller reported that an email was sent to all Board members from the Wagner family.

Mr. Bob Churchill addressed the Board and commented that he received the Phase 2A interim report and would like to give additional comments to staff. President Costa reminded the Board that the Joint Board meeting is scheduled for Thursday, June 25, 2015 at 6:00 p.m. at the Citrus Heights Community Center.

V. UPCOMING EVENTS

1. ACWA Continuing Legal Education Seminar
September 10-11, 2015
Oakland, CA
2. ACWA Regulatory Summit
October 14, 2015
Ontario, CA

President Costa announced that there would be no Closed Session.

VI. CLOSED SESSION

1. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving state and federal administrative proceedings and programs affecting District water rights
2. Conference with real property negotiators involving the transfer of up to 12,000 acre-feet of water conserved under the District's pre-1914 water right and by groundwater substitution to CVP contractors. The Board will provide direction to District negotiators, General Manager Shauna Lorance and Assistant General Manager Keith Durkin, on the price, terms of payment or both for the transferred water. The specific buyers and their representatives with whom the District will negotiate have not yet been identified, but those buyers and representatives will be publicly identified at the Board meeting or as soon thereafter as possible. (See Government Code sections 54954.5(b) and 54956.8.)

VII. OPEN SESSION

There was no closed session.

VIII. ADJOURN

The meeting was adjourned at 8:20 p.m.

EDWARD J. "TED" COSTA, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary

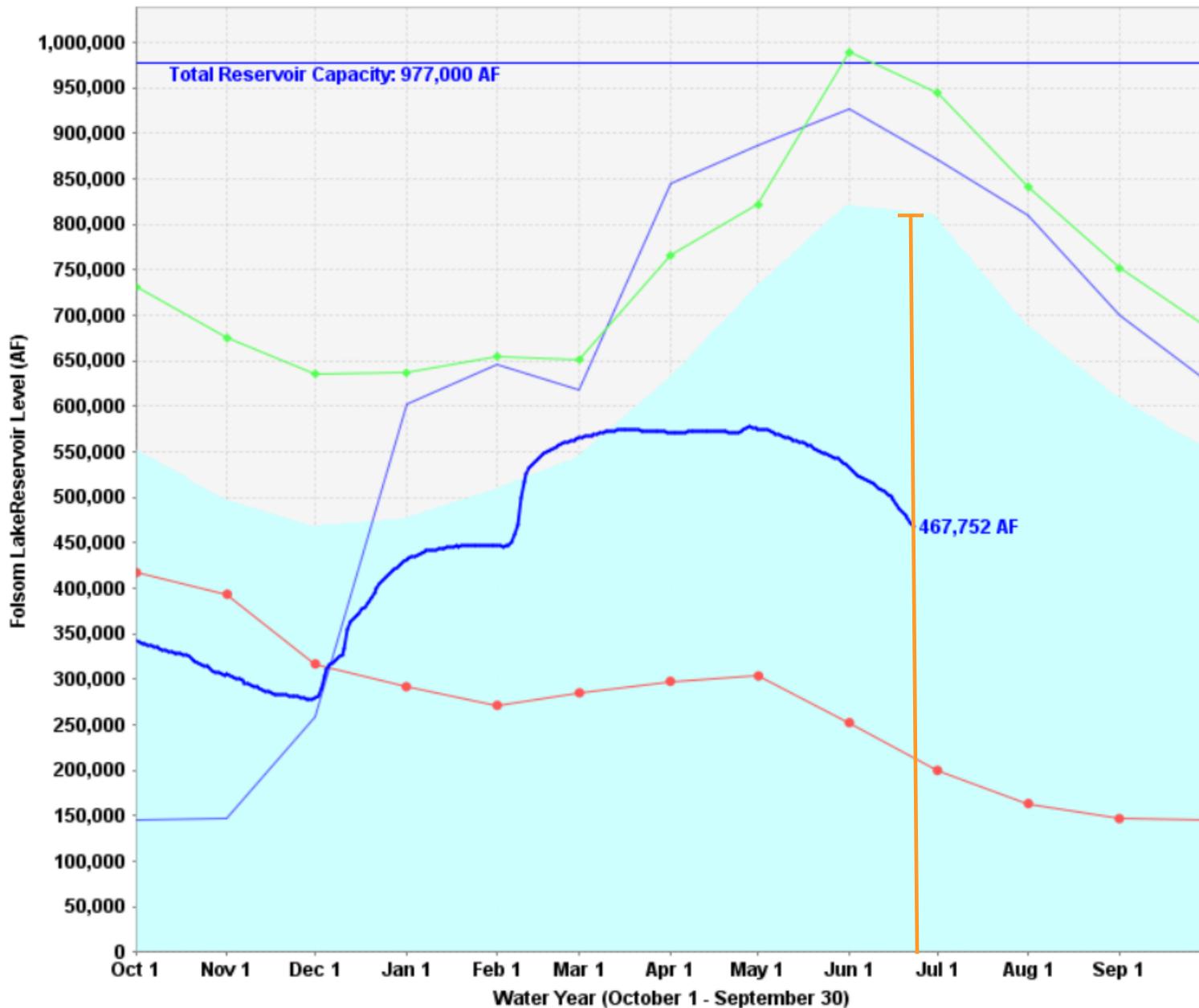
Water Supply Update

Keith Durkin
Assistant General Manager
San Juan Water District
June 24, 2015

Presentation

- Folsom Lake
 - Current Conditions
 - Projected Operations (Folsom and CVP)
- Water Supply Reliability Projects
 - Reliability Goal
 - Status of Projects

Folsom Lake Storage Levels



Historical Average — Total Reservoir Capacity — 1976-1977 (dry) — 1977-1978 — 1982-1983 (wet) — 2014-2015(current)

Folsom Lake and CVP Projected Operations

- Shasta Lake releases limited to 7,250 cfs June through Aug. to protect Winter Run Salmon (temperature management)
- Higher Folsom releases required to support Delta water quality and Sacramento Basin fishery
- Delta pumping significantly reduced

Folsom Lake and CVP Projected Operations

- Folsom storage target of 120,000 AF (343 ft.) by end of September
- Low Folsom releases *expected* in fall (500 cfs) to conserve storage
- Contingency plans are being developed to maintain Folsom Lake M&I diversion capacity

USBR Folsom Lake Operations Plan

DRAFT June 2015

90% Runoff Exceedance Outlook:

90% Inflow based on PCWA/SMUD adjusted inflow Jun-Sep, 90% Historical inflow Oct-Dec, Keswick releases at 7250 cfs Jun-Aug, minimal Delta project pumping Jun-Aug

Federal End of the Month Storage/Elevation (TAF/Feet)

		Jun	Jul	Aug	Sep	Oct	Nov	Dec
Folsom	535	433	238	136	120	126	139	161
	Elev.	408	375	349	343	345	350	356

Monthly River Releases (cfs)

American	2250	3615	2043	503	500	504	501
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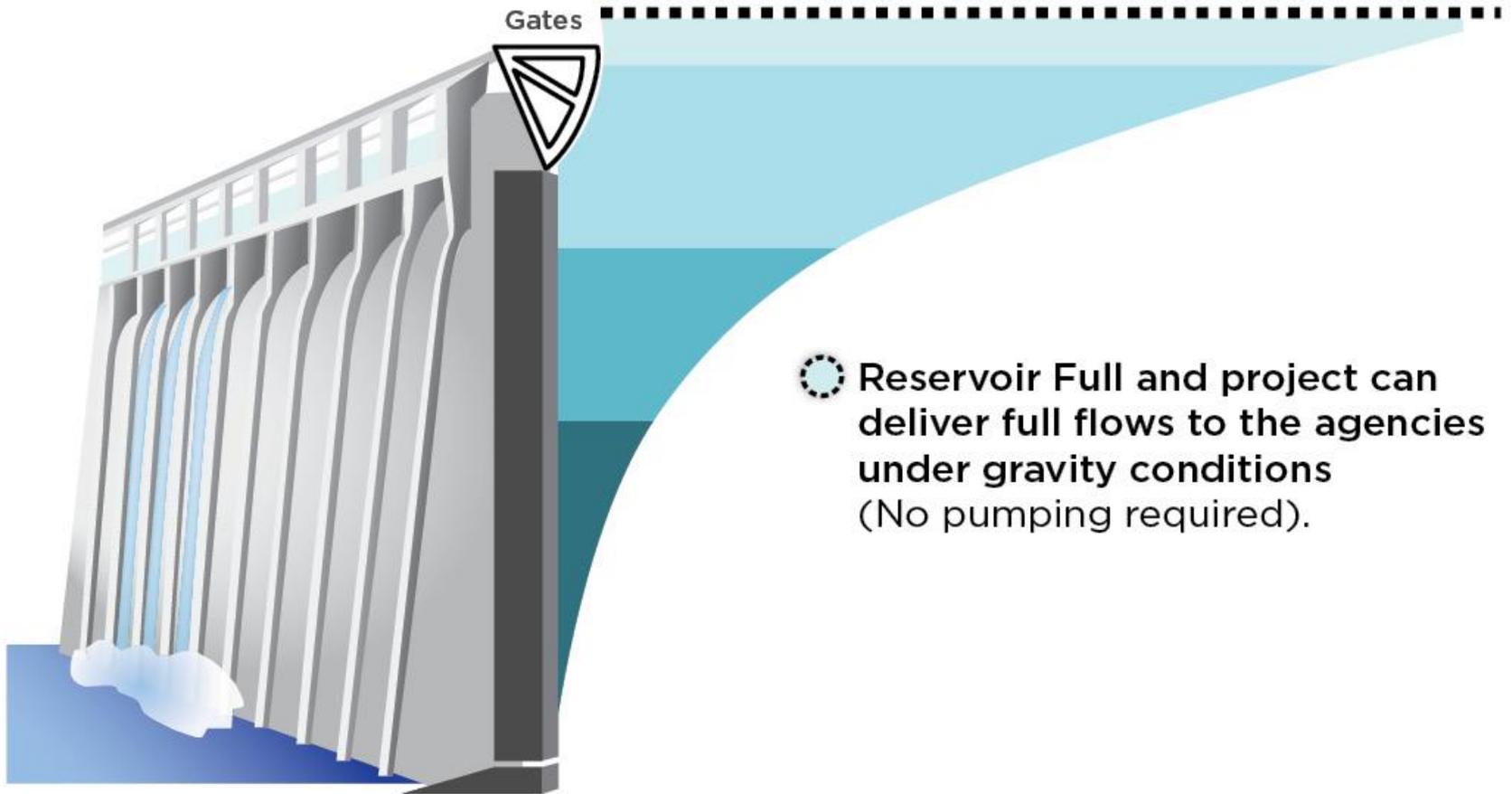
466 msl

Lake Elevation

977,000

Acre-ft in storage

Folsom Reservoir



- Reservoir Full and project can deliver full flows to the agencies under gravity conditions (No pumping required).

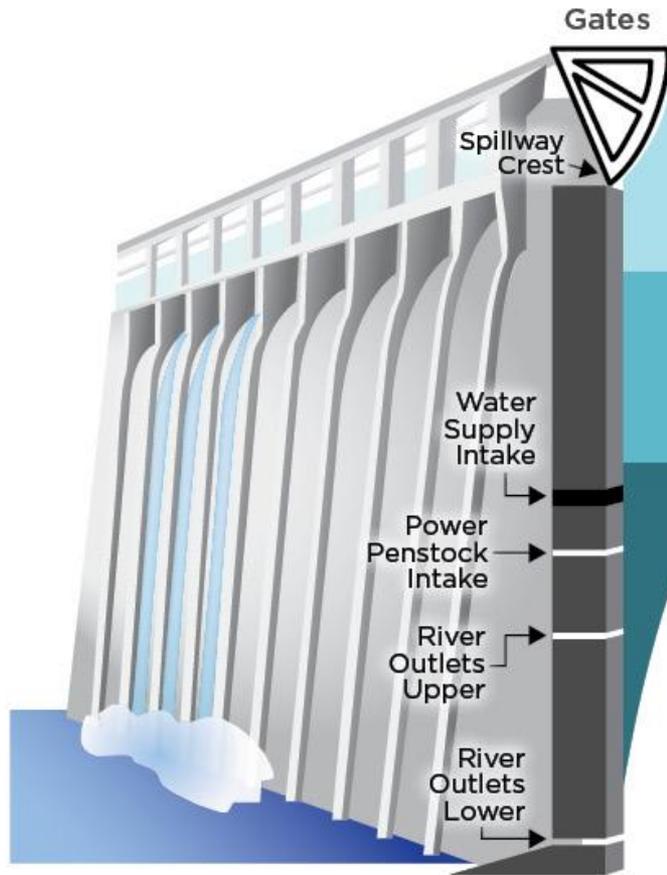
453 msl

Lake Elevation

836,000

Acre-ft in storage

Folsom Reservoir



- Pumping is required to meet peak demands for agencies.

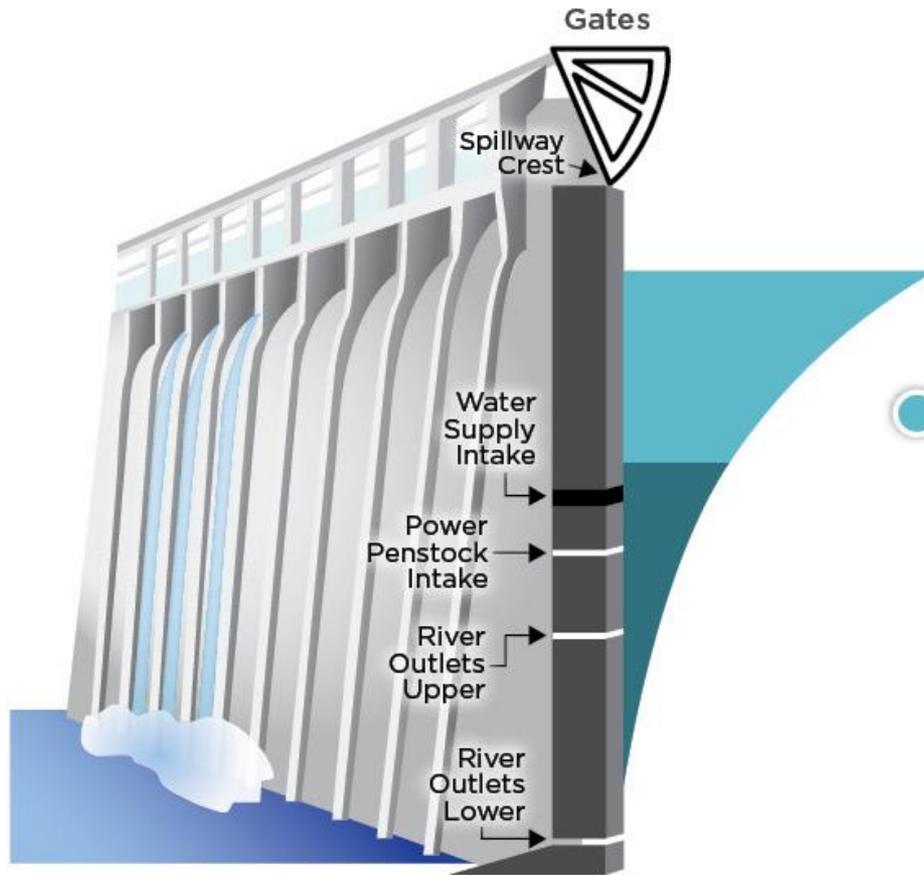
392 msl

Lake Elevation

328,000

Acre-ft in storage

Folsom Reservoir



- Pump station capable of pumping peak demands for agencies. Below this point the pump station begins losing capacity.

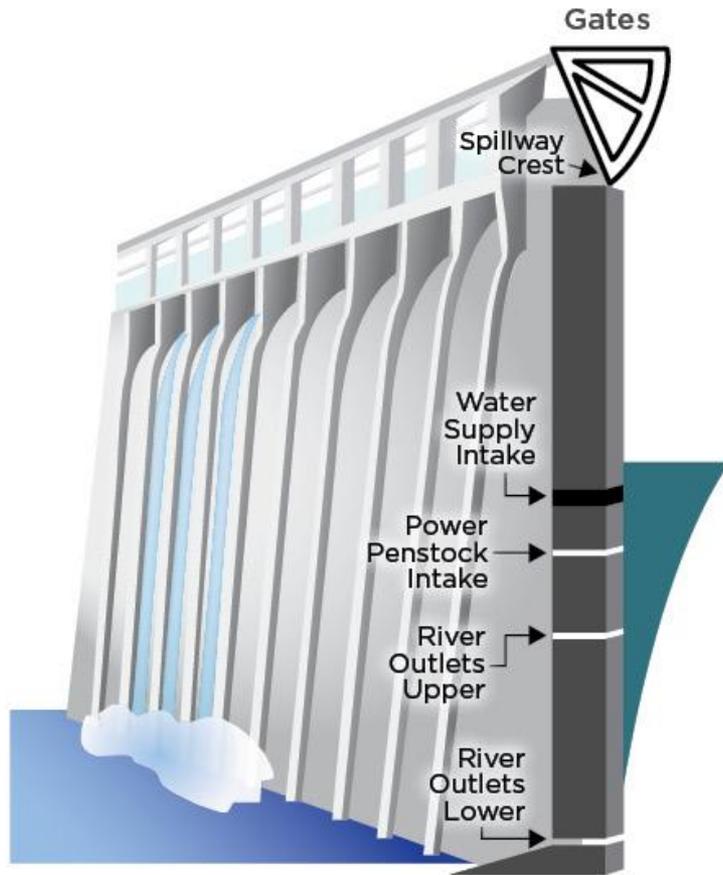
330 msl

Lake Elevation

90,000

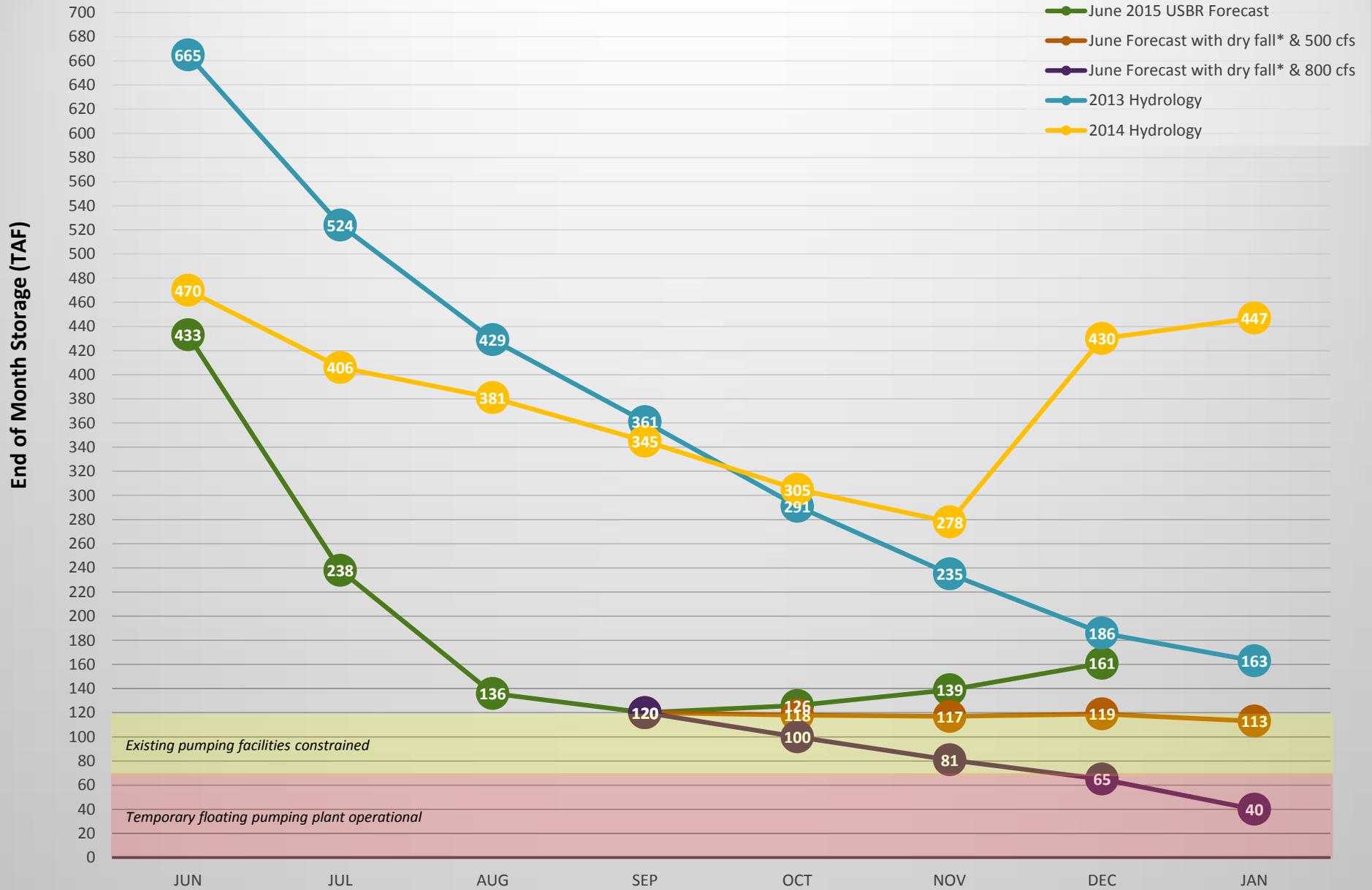
Acre-ft in storage

Folsom Reservoir



- Pump station capacity severely impacted due to vortexing and intake beginning to daylight.

Folsom Lake Fall 2015 Operational Scenarios

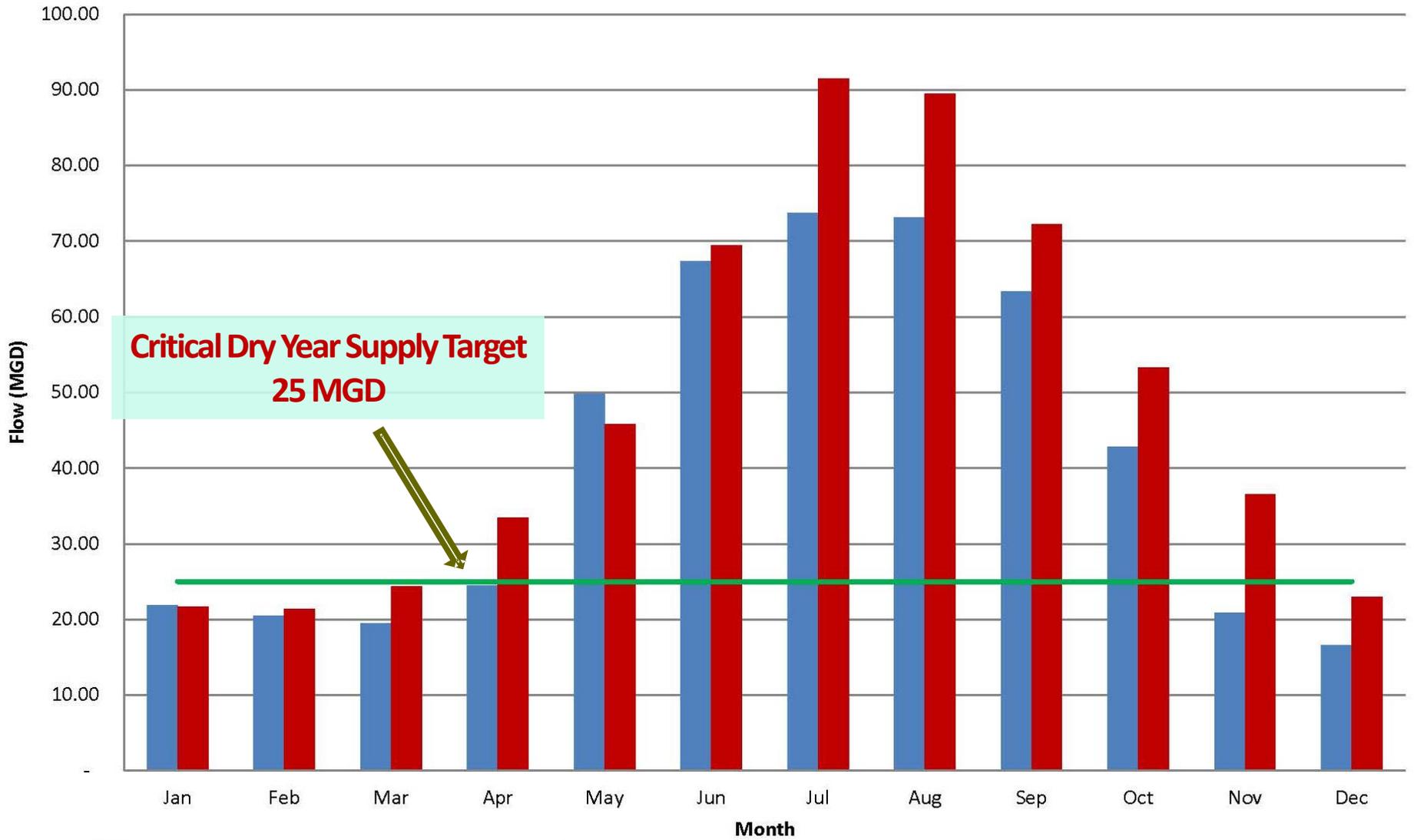


*Dry fall scenario is based on real-time hydrology from October to January of 2013-2014.

Water Supply Reliability Planning

- Maximize conservation efforts to “stretch” supplies
- Call on groundwater supplies within WCA service areas
- Identify/implement feasibly near-term improvements to improve supply
 - Pump Back Project
 - New interties (permanent/temporary/emergency)
- Modify system operations (pressures, distribution)

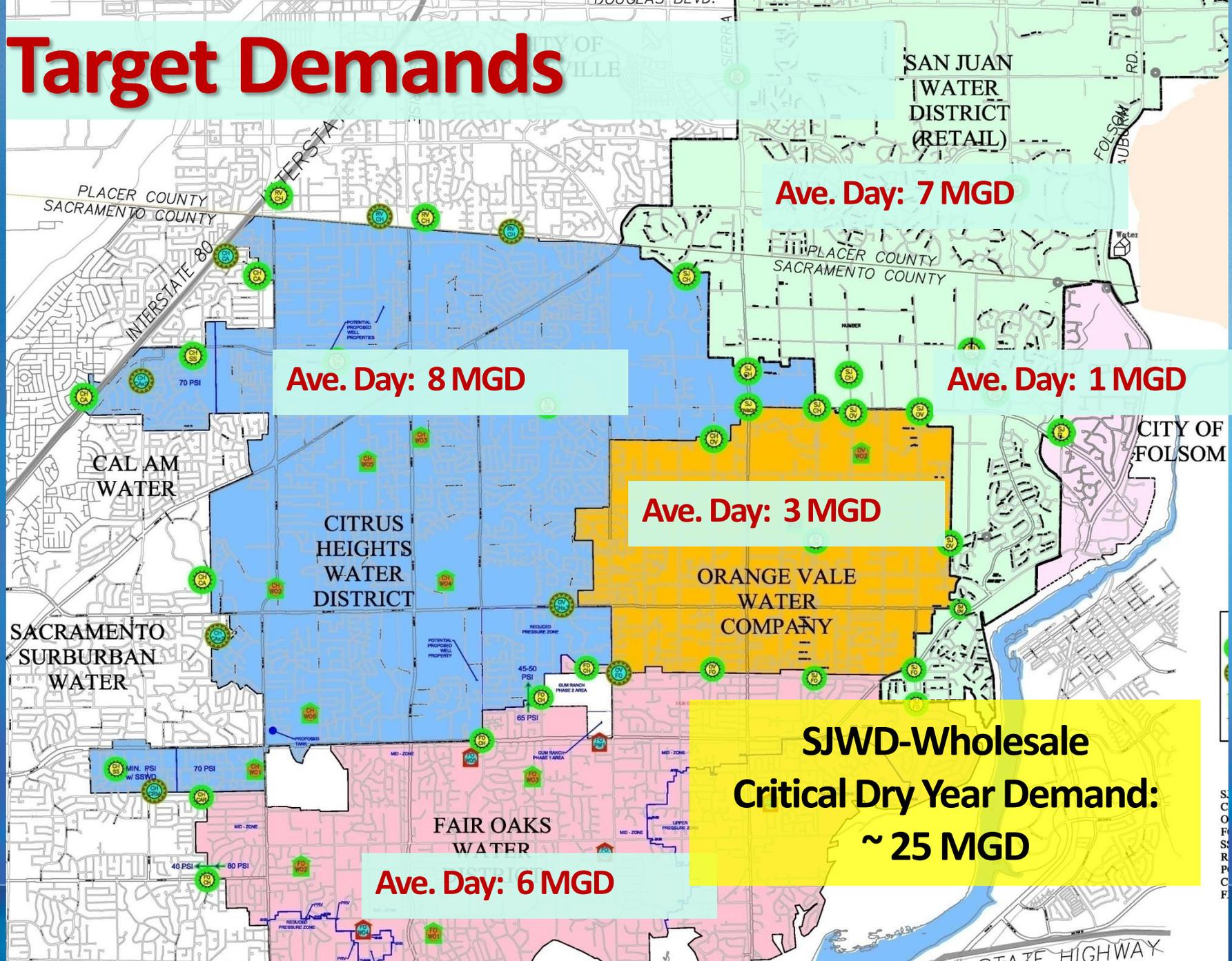
SAN JUAN WATER DISTRICT WATER DEMANDS



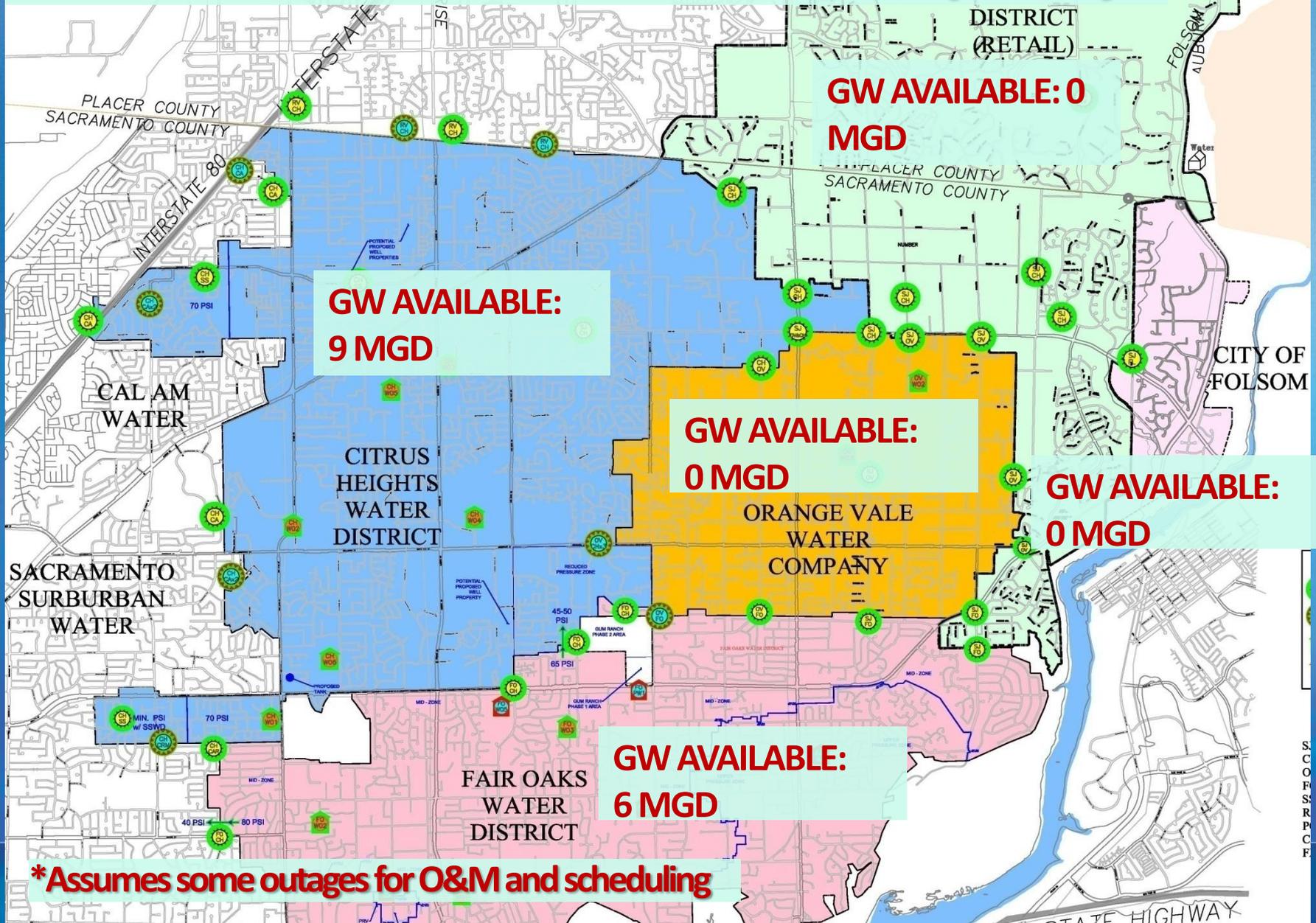
* 2005 data does not include groundwater production

■ 2012 Demand ■ 2005 Production — Dry Year Production

Target Demands



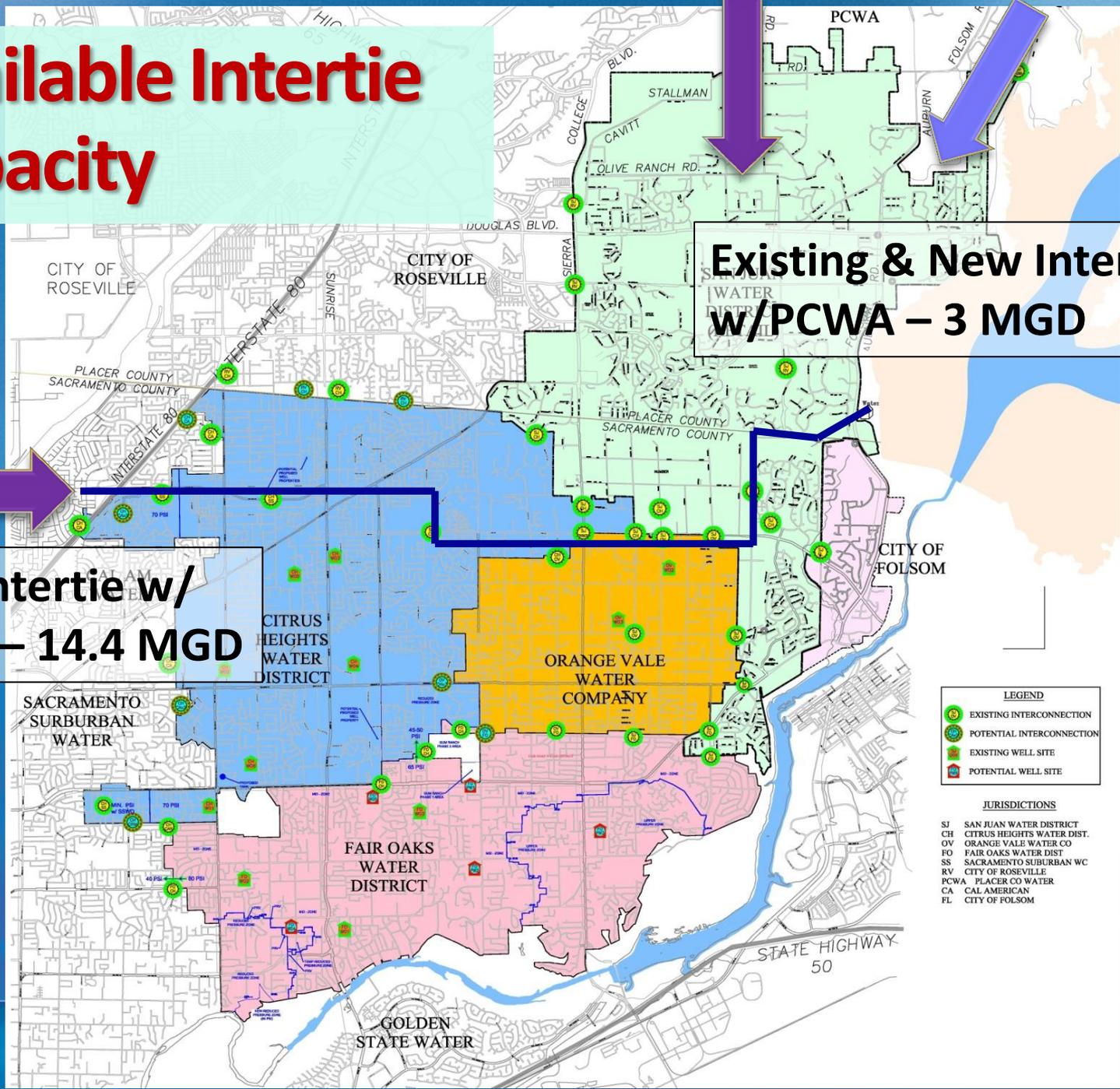
Firm Available Groundwater Capacity*



Available Intertie Capacity

Existing & New Interties w/PCWA – 3 MGD

New Intertie w/SSWD – 14.4 MGD



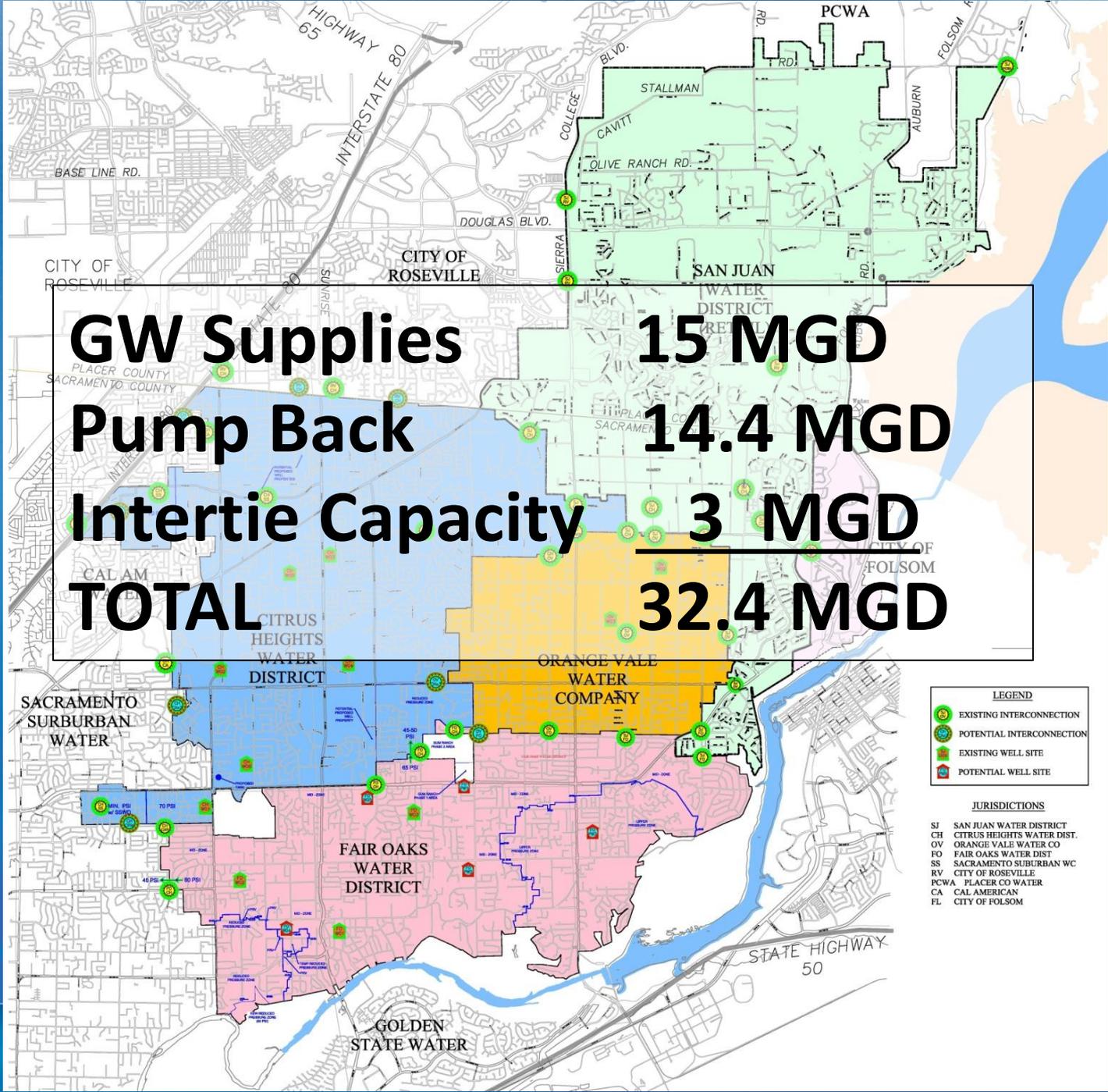
LEGEND

- EXISTING INTERCONNECTION
- POTENTIAL INTERCONNECTION
- EXISTING WELL SITE
- POTENTIAL WELL SITE

JURISDICTIONS

- SJ SAN JUAN WATER DISTRICT
- CH CITRUS HEIGHTS WATER DIST.
- OV ORANGE VALE WATER CO
- FO FAIR OAKS WATER DIST
- SS SACRAMENTO SUBURBAN WC
- RV CITY OF ROSEVILLE
- PCWA PLACER CO WATER
- CA CAL AMERICAN
- FL CITY OF FOLSOM

GW Supplies 15 MGD
Pump Back 14.4 MGD
Intertie Capacity 3 MGD
TOTAL 32.4 MGD



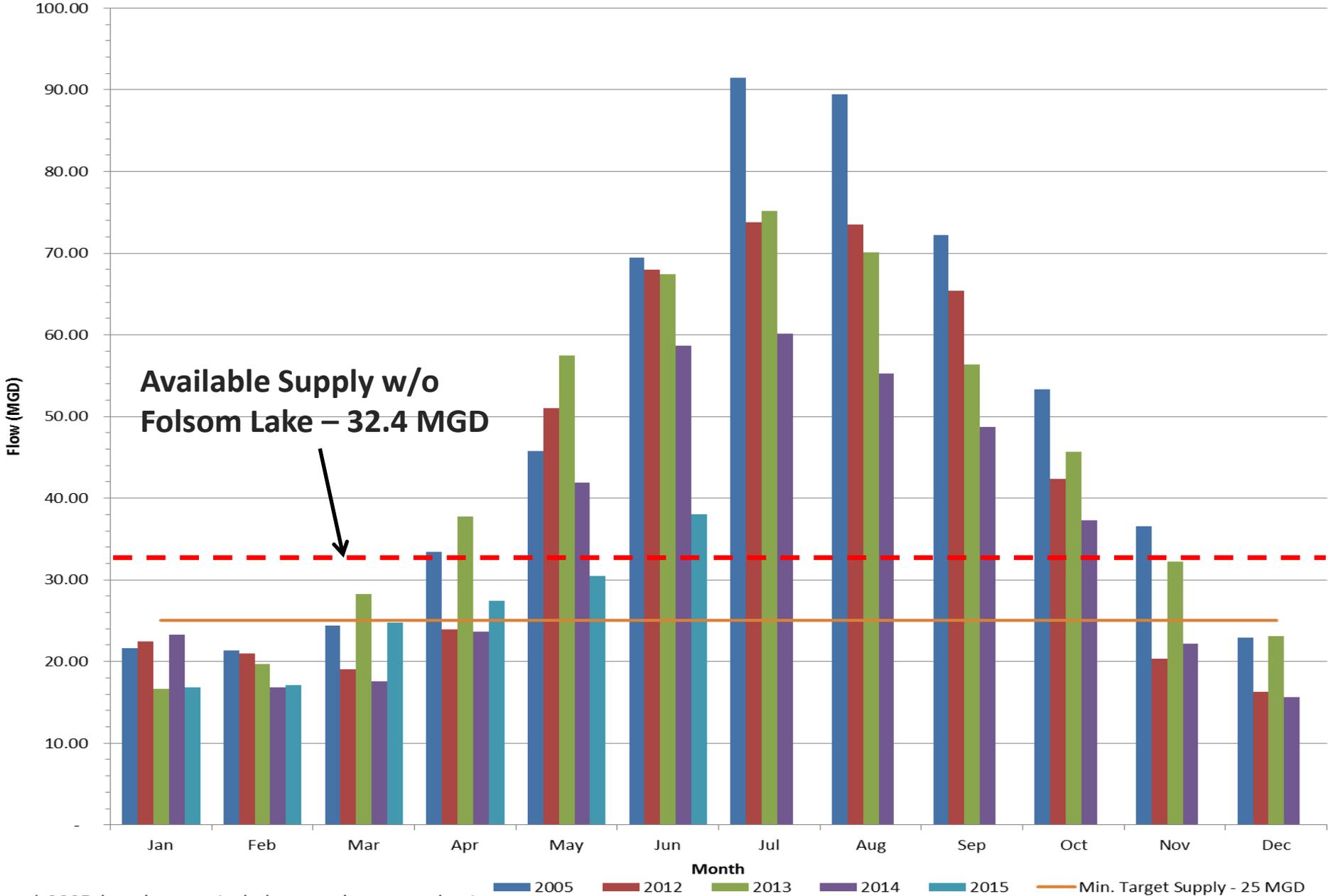
LEGEND

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- POTENTIAL INTERCONNECTION
- EXISTING WELL SITE
- POTENTIAL WELL SITE

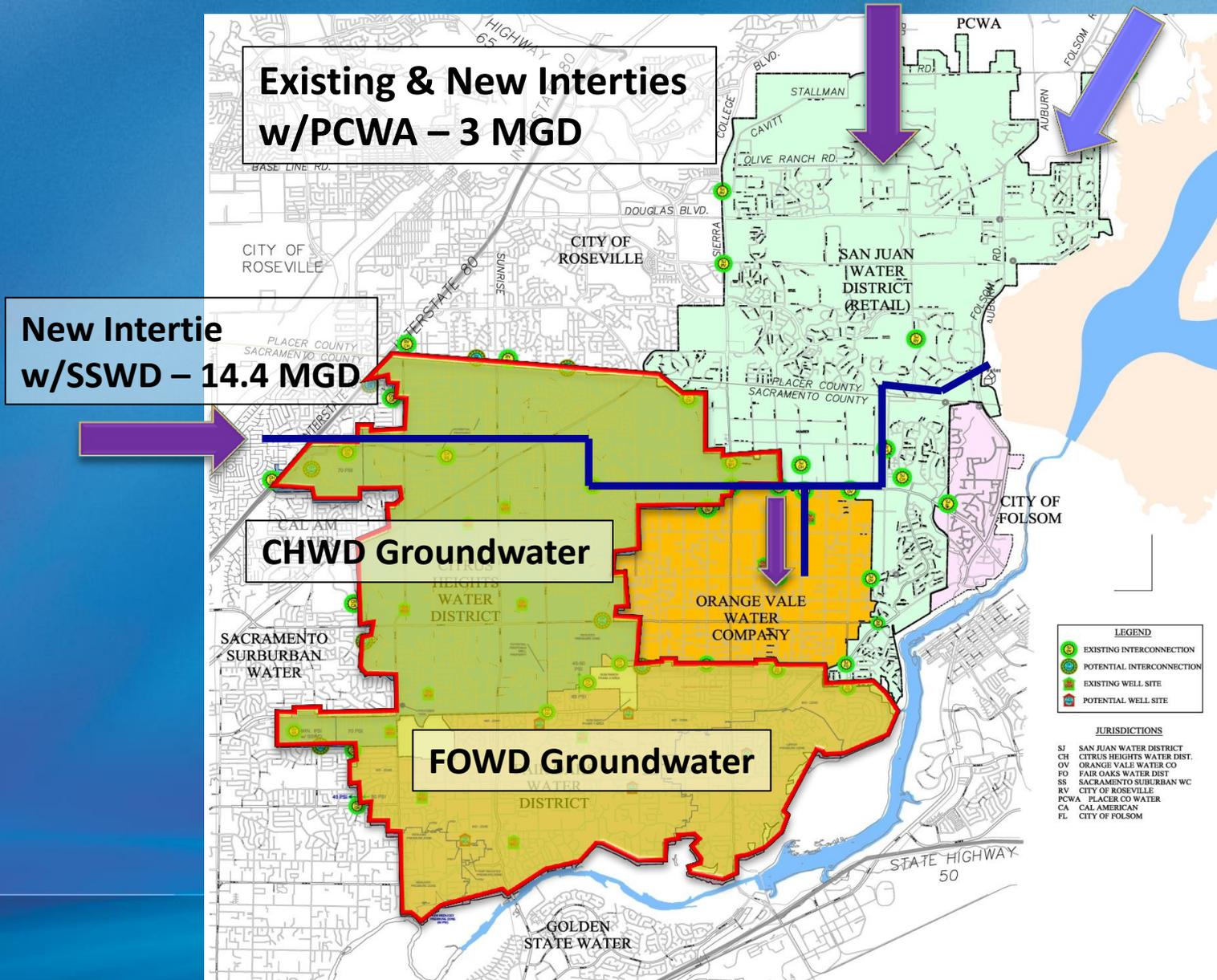
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- RV CITY OF ROSEVILLE
- PCWA PLACER CO WATER
- CA CAL AMERICAN
- FL CITY OF FOLSOM

SAN JUAN WATER DISTRICT WHOLESALE WATER PRODUCTION



Project Status



Antelope Booster Pump Station Pump Back Project

- On schedule; on budget
- Underground work complete July 3rd (piping, electrical, foundations)
- All major equipment on hand
- Control systems undergoing factory testing
- Start-up and testing scheduled for September 15th
- Substantial completion September 22nd; final October 10th



5-15, 8:24AM Manifold lift underway.



5-12-15, 6:12AM Butt strap prepared for tack weld, pump cans being leveled.

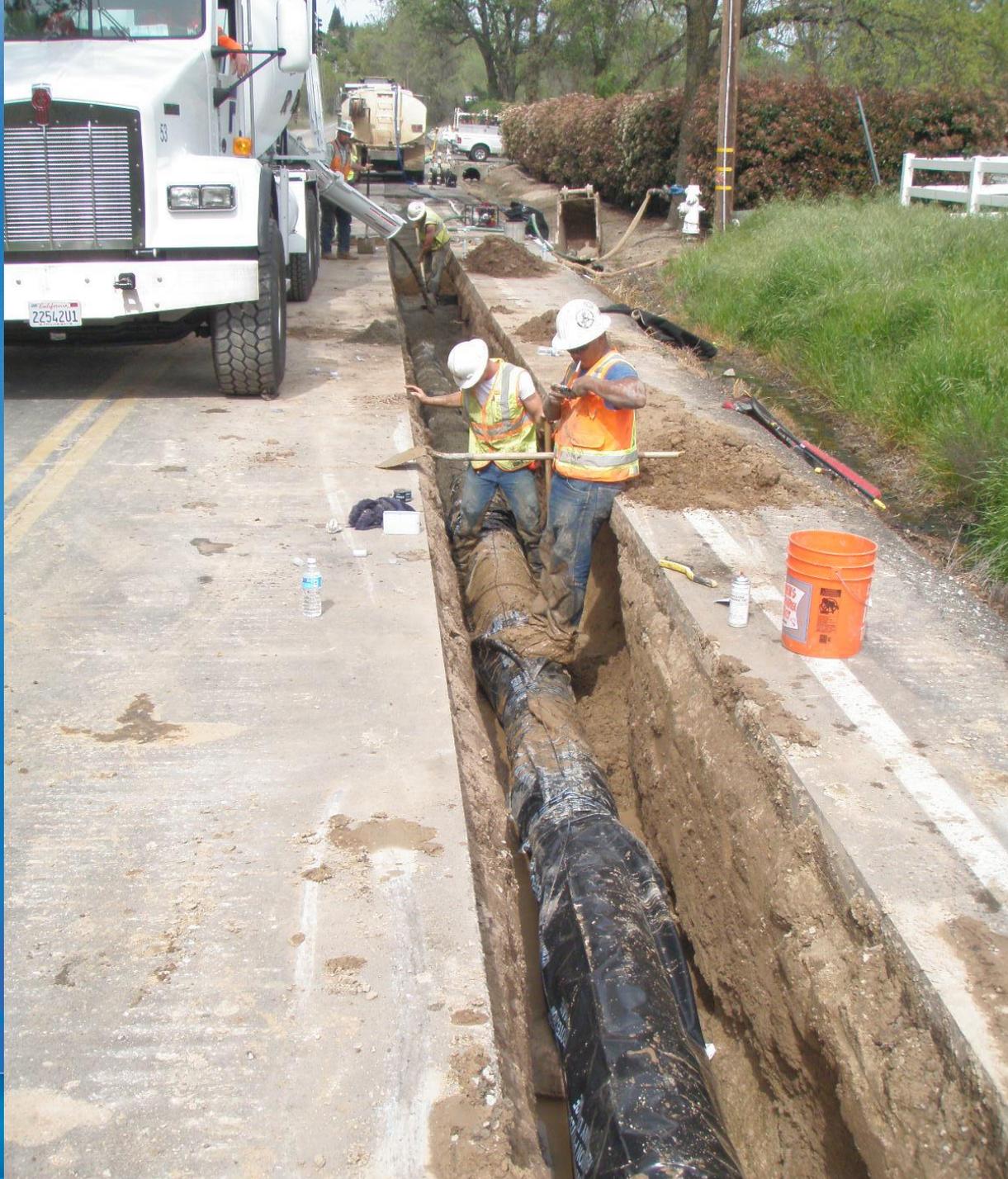


Setting forms for building drains.

Barton Road PCWA Intertie Project

- On schedule, on budget
- Pipeline portion of project essentially complete, could receive water from PCWA w/i 3-4 weeks
- Pump station construction ongoing (P.S. serves PCWA)
- Testing and start-up late July
- Project completion July 31st







C&D
Barton Flow Sta.

COOK
CONCRETE PRODUCTS
KILBURN, IL.

BARTON RD

Questions?



MEMORANDUM

AGENDA ITEM IV-1.2

Date: May 4, 2015

To: ACWA REGION 4 MEMBER AGENCY PRESIDENTS AND GENERAL MANAGERS
(sent via e-mail)

From: ACWA REGION 4 NOMINATING COMMITTEE
Richard Atkins, Stockton East Water District
Christy Barton, Yolo County Flood Control & Water Conservation District
Ron Greenwood, Carmichael Water District

The Region 4 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 4 for the 2016-2017 term. The Nominating Committee is currently seeking candidates for the Region 4 Board, which is comprised of Chair, Vice Chair and up to five Board Member positions.

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 4 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 4. The members of the Region 4 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 4 Board Member, please familiarize yourself with the Role of the Regions and Responsibilities; the Election Timeline; and the Region 4 Rules and Regulations (all located at <http://www.acwa.com/content/region-elections>) and complete the following steps:

- **Complete the attached Region Board Candidate Nomination Form**
- **Obtain a Resolution of Support from your agency's Board of Directors**
- **Submit the requested information to ACWA as indicated by Tuesday, June 30, 2015**

The Region 4 Nominating Committee will announce their recommended slate on July 31, 2015, which will mark the start of the election. The election will be completed by September 30, 2015. On October 5, 2015, election results will be announced. The newly elected Region 4 Board Members will begin their two-year term of service on January 1, 2016.

If you have any questions, please contact ACWA Regional Affairs Representative Katie Dahl, at katied@acwa.com or (916) 441-4545.

San Juan Water District

RESOLUTION 15-09

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN JUAN WATER DISTRICT
PLACING IN NOMINATION PAMELA TOBIN
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 4 (DIRECTOR)**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN JUAN WATER DISTRICT AS FOLLOWS:

A. Recitals

- (i) The Board of Directors (Board) of the San Juan Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).
- (ii) Director, Pamela Tobin is currently serving as a Director of ACWA Region 4.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF SAN JUAN WATER DISTRICT,

- (i) Does place its full and unreserved support in the nomination of Pamela Tobin for the Director of ACWA Region 4.
- (ii) Does hereby determine that the expenses attendant with the service of Pamela Tobin in ACWA Region 4 shall be borne by the San Juan Water District.

ADOPTED AND APPROVED this 24th day of June 2015.

ATTEST:

EDWARD J. "TED" COSTA
President, Board of Directors

TERI HART
Secretary, Board of Directors



2015 ACWA Region Election Timeline 2016-2017 Term

February 28:

NOMINATING COMMITTEES APPOINTED

- With consensus of the region board, the region chairs appoint at least three region members to serve as the respective region's Nominating Committee
- Those serving on nominating committees are ineligible to seek region offices
- Nominating Committee members are posted online at www.acwa.com

March 1-31:

NOMINATING COMMITTEE TRAINING

- Nominating Committee packets will be e-mailed out to each committee member
- ACWA staff will hold a training session via conference call with each nominating committee to educate them on their specific role and duties
 - Regions 1-5 Nominating Committees: March 18 at 10 a.m.
 - Regions 6-10 Nominating Committees: March 18 at 2 p.m.

May 4:

CALL FOR CANDIDATES

- The call for candidate nominations packet will be e-mailed to ACWA member agency Board Presidents and General Managers
- The call for candidate nominations will be announced at the 2015 ACWA Spring Conference and Exhibition in Sacramento

June 30:

DEADLINE FOR COMPLETED NOMINATION FORMS

- Deadline to submit all Nomination Forms and board resolutions of support for candidacy for region positions
- Nominating Committee members may need to solicit additional candidates in person to achieve a full complement of nominees for the slate

July 10:

CANDIDATE INFORMATION TO NOMINATING COMMITTEES

- All information submitted by candidates will be forwarded from ACWA staff to the respective region Nominating Committee members with a cover memo explaining their task

July 11 - 31:

RECOMMENDED SLATES SELECTED

- Nominating Committees will meet to determine the recommended individuals for their region. The slate will be placed on the election ballot.
- Nominating Committee Chairs will inform their respective ACWA Regional Affairs Representative of their recommended slate by July 24
- Candidates will be notified of the recommended slate by July 30
- The Nominating Committee Chair will approve the official region ballot

July 31:

ELECTIONS BEGIN

- All 10 official electronic ballots identifying the recommended slate and any additional candidates for consideration for each region will be produced and e-mailed to ACWA member agencies only
- Only one ballot per agency will be counted

September 30:

ELECTION BALLOTS DUE

- ***Deadline for all region elections. All region ballots must be received by ACWA by September 30, 2015***

October 5:

ANNOUNCEMENT OF ELECTION RESULTS

- Newly-elected members of the region boards will be contacted accordingly
- An ACWA Advisory will be distributed electronically to all members reporting the statewide region election results
- Results will be posted at acwa.com and will be published in the October issue of *ACWA News*

ACWA Region 4
Rules & Regulations

Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).

Officers

The Region 4 board shall have cooperation and planning responsibility and can make specific recommendations to the region as a whole.

The chair will appoint a secretary to the board if one is deemed necessary.

Meetings

Region 4 will meet at least quarterly; two of those meeting to be held at the ACWA spring and fall conferences.

The Region 4 Board will determine when or if the non-members are invited to regional activities or events.

Attendance

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

Elections

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

The term for the chair and vice chair shall be limited to one full two-year term.

An elected chair or vice chair shall not be permitted to succeed himself/herself to that office.

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of three to five members.

The nominating committee should pursue qualified members within the region to run for the region board, and should consider geographic diversity, agency size and focus in selecting a slate.

Once the nominating committee has decided on a recommended region slate, they shall work with ACWA staff to ensure candidates not chosen for the slate are notified prior to the start of the election.

See current region election timeline for specific dates.

Endorsements

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

Committee Recommendations & Representation

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

Tours

ACWA may develop and conduct various tours for the regions. All tour attendees must sign a "release and waiver" to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

Finances

See "Financial Guidelines for ACWA Region Events" document.

Amending the Region Rules & Regulations

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors.

Approved by Membership December 2013

The Region 4 Rules & Regulations can be amended by a majority vote of those present at any Region 4 meeting as long as a quorum is present.



THE ROLE OF THE REGIONS

Mission:

ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.

Background:

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

The primary charge of regions:

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
 - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

Region Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
 - Appoints Outreach Captain to help lead outreach effort within the region.
- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.

- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member:

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.

AGENDA ITEM III-1.3



**California Special
Districts Association**
Districts Stronger Together

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

2015 BOARD ELECTIONS

MAIL BALLOT INFORMATION

Dear Member:

A mail ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Network for Seat A. Each of CSDA's six (6) networks has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your network. Each Regular Member (district) in good standing shall be entitled to vote for one (1) director to represent its network.

We have enclosed the candidate information for each candidate who submitted one. Please vote for **only one** candidate to represent your network in Seat A and be sure to sign, date and fill in your member district information. If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 7, 2015**.

If you do not use the enclosed envelope, please mail in your ballot to:

California Special Districts Association
Attn: 2015 Board Elections
1112 I Street, Suite 200
Sacramento, CA 95814

Please contact Charlotte Lowe toll-free at 877.924.CSDA or charlottel@csgda.net with any questions.

CSDA BOARD OF DIRECTORS 2015 ELECTION

OFFICIAL BALLOT



**SIERRA
NETWORK**

SEAT A
term ends 2018

Please vote for only one.

- Noelle Mattock***
El Dorado Hills Community Services District
- Jim Barnes**
Sacramento Metropolitan Fire District
- Frederick Gayle**
Sacramento Suburban Water District

*All candidates are employed by the CSDA. *Incumbent running for re-election*

SIGNATURE:	DATE:
MEMBER DISTRICT:	

Must be received by **5pm, August 7, 2015**. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814

CSDA Members,

My name is Noelle Mattock and I am seeking your support to be re-elected as your representative on the CSDA Board of Directors.

My background: I serve on the El Dorado Hills Community Services District Board of Directors. Predominately a parks and recreation district we also provide the solid waste (trash) services to the community via a franchise agreement and are one of about seven special districts with the authority to enforce CC&R's.

I currently serve as the President of the non-profit foundation supporting the El Dorado Hills Community Services District.

For the past thirteen years, I worked for an international engineering company as a CA Government Affairs Representative working on water, environmental, contracting and transportation issues. Recently, I joined the City of Sacramento Department of Utilities as a Legislation and Policy Specialist where I focus on water issues.

What I hope to accomplish: I will continue to use my experience, knowledge and relationships, to help CSDA and our advocacy team set our legislative priorities and push CSDA's priorities within the Capitol.

I will continue to support the expansion of CSDA's educational offerings so that board members and staff can keep up to date on current laws, learn cutting edge programming, and to keep pace with the public's ever growing desire for transparency and accountability.

CSDA wants to know your concerns, struggles and successes so we can help districts be even more successful. This is why I have supported the development of our Regional Representatives, who are going to help us better connect with you!

I would be honored to continue serving as your Sierra Network Representative on the CSDA Boards of Directors. I would love to hear from you, you may contact me at noellemattock@comcast.net or (916) 933-2895 with any questions or concerns you may have.

Candidate Statement for Jim Barnes

I am currently serving on the Sacramento Metropolitan Fire District's Board of Directors, which has provided me the solid foundation of special district knowledge. With this being my first time as an elected official, I find it my passion to better the communities I serve. I have built a strong network in the greater Sacramento area with prominent business professionals and public and private agencies, which all have a common goal of serving the constituents we represent.

As a 16 year law enforcement officer, serving the communities within the greater Sacramento Region, I have the necessary skills, experience, and demonstrated leadership necessary to serve a leadership role on the CSDA Board.

I have held a variety of positions with the Sacramento County Sheriff's Department and was recently promoted to the rank of lieutenant. A decorated officer, I have been awarded the prestigious "Lifesaving Award" and have demonstrated leadership, innovation and commitment to public service. As a sexual assault detective, I was awarded the "Action with Compassion Award" by WEAVE for my service to victims of violence.

I am also the Director for Guns and Hoses Pig Bowl Association which primary focus is to provide donations to local charities. This non-profit organization has raised and donated over one million dollars to charities within our region since its inception.

I take an active role in working with youths in our region and strive to be a positive role model. I am a long term resident of Rancho Murieta I continue to volunteer my time to coach youth activities. I find it an honor to teach young children the fundamentals of athletics, how to work together as a team, how to give back to your community, and how all of these traits relate to real life.

Frederick A. Gayle, Jr.

I have been involved with CSDA in my past positions with Rio Linda School District and Grant Joint Unified School District; and currently in my position as Director for Sacramento Suburban Water District.

I come from a family of public servants, and have been a public servant most of my life; I consider it to be a family tradition. From an early age, I was instilled with the conviction that public service is a noble and worthwhile pursuit.

In my service to Sacramento Suburban Water District, I have enjoyed interacting with others, gaining from their expertise, and playing off the energy of these other members in order to accomplish the many goals that enable the District to move forward for the benefit of the public.

I believe in transparency to the public, maintaining the highest ethical standards, tackling challenging tasks and engaging in activities that help people live better lives. If elected, I will do my utmost to be the best servant of the public and CSDA that I can be.

I would appreciate your vote.

STAFF REPORT

To: Board of Directors
From: Shauna Lorance
Date: June 17, 2015
Subject: PCWA Contract Amendment

RECOMMENDED ACTION

Staff recommends adoption of a motion to approve Amendment 1 the Placer County Water Agency water supply contract.

BACKGROUND

The Contract between the Placer County Water Agency (PCWA) and the District provides for PCWA to provide to the District and the District to pay PCWA for 25,000 acre-feet of water each year, unless the District voluntarily reduces its annual entitlement.

The District is a party to the Sacramento Water Forum, in which the District agreed to limit PCWA use when Folsom Reservoir projected inflow is below 950,000 af, ramping down to no more than 10,000 AF when the projected inflow is 400,000 af or less. During these years, PCWA also benefits from not having to deliver the entire 25,000 af and storing the water in their reservoirs for future years.

PCWA and District staff have agreed that since SJWD cannot take the full amount of water, and PCWA benefits from not having to deliver the water during dry years, it is also logical that SJWD should not have pay for water they cannot use. Staff have agreed that the terms in the attached agreement are reasonable and beneficial to both agencies.

BUDGET IMPACTS

SJWD pays PCWA a rate per af that is equal to the average CVP rate for the three agencies. This year, it is approximately \$17 per af. The savings by reducing the required payment to only 10,000 af of water is approximately \$250,000.

AMENDMENT NO. 1 TO CONTRACT
BETWEEN PLACER COUNTY WATER AGENCY AND THE SAN JUAN WATER
DISTRICT TO FOR A WATER SUPPLY

This Amendment No. 1 is entered into as of the _____ day of _____, 2015, and amends the Contract between Placer County Water Agency ("Agency") and San Juan Water District ("the District")(collectively "the Parties") for a Water Supply, entered into as of the 7th of December, 2000 ("Contract"), which otherwise remains in full force and effect.

RECITALS

- A. WHEREAS, the Contract between the Agency and the District provides for the Agency to provide to the District and the District to pay the Agency for 25,000 acre-feet of water each year, unless the District voluntarily reduces its annual entitlement; and
- B. WHEREAS, since the Parties entered into the Contract, each of them has participated in the Water Forum process to achieve multi-party and multi-interest consensus concerning water purveyor diversions from and maintenance of flows in the lower American River for the benefit of the public and the fisheries of the lower American River; and
- C. WHEREAS, as a result of such participation, the Parties have each entered into Purveyor-Specific Agreements to curtail and mitigate for diversions during dry and drier years; and
- D. WHEREAS, the District has agreed in its Purveyor-Specific Agreement to reduce its diversion of Middle Fork Project water below 25,000 acre-feet per year when Folsom Reservoir projected inflow is 950,000 acre-feet or less, and to make progressively greater reductions based on such projected inflow until its diversions equal no more than 10,000 acre-feet in the driest years when Folsom Reservoir projected inflow is 400,000 acre-feet or less; and
- E. WHEREAS, in such dry and drier years, it benefits the Agency to be relieved of its obligation to deliver the full Contract amount of 25,000 acre-feet to the District; and

F. WHEREAS, the Agency has, in water demand modeling in support of its petition to the State Water Resources Control Board for extension of time to put to full beneficial use the water to which it is entitled under permits issued on Applications Nos. 18085 and 18087, used water demand estimates that reflects the reductions in diversions that the District agreed to in its Purveyor-Specific Agreement with the Water Forum and current estimate of build-out demand; and

G. WHEREAS, the Parties agree that it would benefit both Parties to amend the Contract to more closely reflect the various agreements and transfers that have occurred since the Contract was entered into;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. Article 4 of the Contract shall be deleted and the following provision shall be substituted in its place:

Article 4. Water to be Furnished to the District.

In Years in which the projected unimpaired inflow to Folsom is greater than 950,000 acre-feet the amount of water the Agency is obligated to deliver to the District shall be 25,000 acre-feet. (the District's "Annual Entitlement") In Years when the projected unimpaired flow into Folsom Reservoir is less than 950,000, the amount of water the Agency is obligated to deliver shall be progressively reduced to the amounts specified in the District's January 2000 Water Forum Purveyor Specific Agreement. In a Year when projected inflow to Folsom Reservoir is 400,000 acre-feet or less, the amount of water that the Agency is obligated to deliver shall be 10,000 acre-feet. The District shall be required to take or pay for the maximum amount of water that could be delivered to the District by the Agency under the annual water supply condition as provided in this

Article, unless the District voluntarily reduces its Annual Entitlement on a permanent basis, which it may do at any time by giving the Agency written notice thereof not less than 90 days prior to the beginning of any Year. If the District elects to permanently reduce its Annual Entitlement, the amount it must take or pay for shall be reduced to the amount specified by the District in such notice.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract Amendment the date first above written.

ATTEST:

PLACER COUNTY WATER AGENCY

Cheri Sprunck, Board Secretary
Placer County Water Agency

Primo Santini, Chair

ATTEST:

SAN JUAN WATER DISTRICT

Teri Hart, Board Secretary
San Juan Water District

Edward J. "Ted" Costa

AGENDA ITEM IV-1.6

Congress of the United States
Washington, DC 20515

June 12, 2015

The Honorable Jerry Brown
Governor of California
State Capitol, Suite 1173
Sacramento, CA 95814

Dear Governor Brown,

As the ongoing drought continues to exact its toll on California's families, communities and economy, the limitations of the once resilient state and federal water supply systems are fully apparent. Throughout this year, each increasingly difficult problem has been addressed through creative and constructive collaboration among the state and federal agencies' project operators, biologists, and public water agencies. Today, we find ourselves at another hard point, where recent information regarding water temperatures in Shasta Reservoir indicates that there is insufficient cold water to manage Sacramento River temperatures for salmon as originally planned. This is a most unfortunate reality; one that could potentially unravel an entire series of decisions and agreements affecting water supplies throughout all of California. We are writing to express our concern about the potential actions by the State Water Resources Control Board and to enlist your help. The magnitude of environmental and socio-economic consequences to the state as a result of the decision to be made are extreme and demand engagement at the highest levels.

In mid-April, a framework agreement among state, federal, and public water agencies in the Sacramento and San Joaquin Valleys resulted in an operations plan that would reasonably meet environmental and water supply objectives through November 2015. Essentially, the agreement made water available to Central Valley Project Sacramento River Settlement Contractors, which in turn made water available for transfer to the San Joaquin Valley. San Joaquin Valley contractors agreed to purchase nearly \$100 million worth of water and leave it in Shasta reservoir until the fall, in order to enhance cold water management potential. National Marine Fisheries Service agreed to extend the transfer window for moving that water and due to the increased volume of water in Shasta, Reclamation was able to provide flows through the summer to improve Delta water quality and provide for a minimal level of pumping to deliver some water to prior rights holders, wildlife managers, municipalities, and agricultural districts throughout California, including the San Joaquin Valley, the Santa Clara Valley, and Los Angeles. With this complex series of interdependent agreements in place, thousands of decisions were made, committing hundreds of millions of dollars to endeavors of every kind, resulting in potentially billions of dollars of economic activity throughout the state.

After so much had been irreversibly set in motion, in late May it was learned that temperatures in Shasta Reservoir were higher than expected and, as a result, on May 29, State Water Resources Control Board Executive Director Tom Howard suspended his approval of the plan to implement these agreements. Since, state and federal agencies have been meeting with Water Board staff to determine a path forward. Oddly, public water agencies that had been an

essential part of prior solutions have been excluded from participating directly. Yet, a solution must be developed that reasonably balances the limited water supply to environmental objectives and water delivery obligations. To that end, we propose the following principles to guide the development of the best achievable solution:

1. Maximize beneficial use of water this year. Temperature measurements of Shasta Reservoir indicate that there is an insufficient volume of cold water to achieve desired temperatures for salmon throughout the summer. The law of diminishing returns applies in this instance. Beyond a reasonable threshold, each diminishing increment of biological benefit can only be achieved by exponential increases of applied resources, which results in grossly disproportionate burdens to all other users of water. Water must be distributed to have the greatest overall effect statewide.
2. Balance outcomes. Intense focus is being paid to the fate of salmon at the expense of other listed species like Giant Garter Snake, San Joaquin Kit Fox, Red Legged Frog, and the California Condor. A new plan must ensure reasonable protection for all listed species, not protect any single species at the expense of another.
3. Rely upon proven expertise. The state and federal operators and biologists have the appropriate expertise to develop a workable plan. Agencies like the State Water Resources Control Board and other interests should facilitate, not impede, efforts to manage limited water resources as efficiently as possible to serve as many beneficial interests as possible.
4. Utilize all tools. This salmon management crisis is unprecedented. As such, all tools should be brought to the table including non-flow interventions and the unique abilities of public water agencies to optimize outcomes.

The extraordinary harmful effects of this drought are devastating for both people and wildlife. While we cannot control the drought, we can control how we cope with its challenges. We must be realistic about what is achievable, reasonable about the balances we must strike, inclusive and creative in our problem solving, and avoid creating artificial or unnecessary impediments to a desperately needed solution. We appreciate your efforts to support and implement these principles and stand by to assist in any way we can.

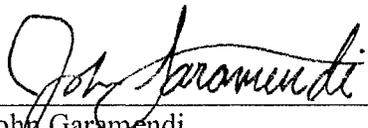


Jim Costa
MEMBER OF CONGRESS

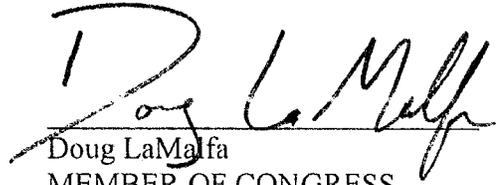
Sincerely,



Ken Calvert
MEMBER OF CONGRESS



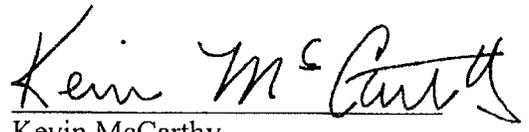
John Garamendi
MEMBER OF CONGRESS



Doug LaMalfa
MEMBER OF CONGRESS



Ami Bera
MEMBER OF CONGRESS



Kevin McCarthy
MEMBER OF CONGRESS



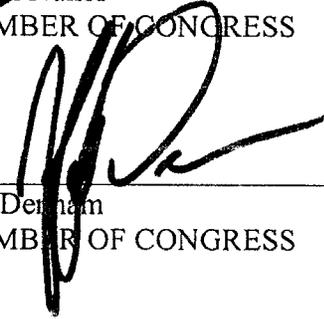
Tony Cardenas
MEMBER OF CONGRESS



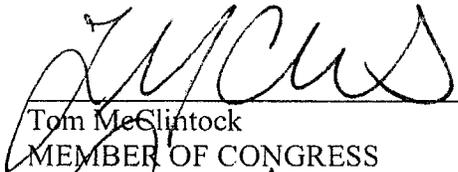
Devin Nunes
MEMBER OF CONGRESS



David Valadao
MEMBER OF CONGRESS



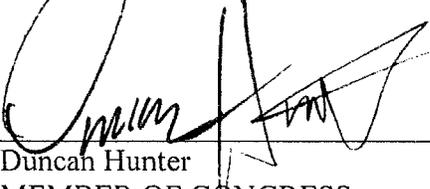
Jeff Denham
MEMBER OF CONGRESS



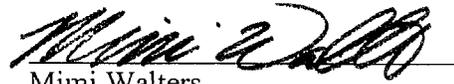
Tom McClintock
MEMBER OF CONGRESS



Ed Royce
MEMBER OF CONGRESS



Duncan Hunter
MEMBER OF CONGRESS



Mimi Walters
MEMBER OF CONGRESS



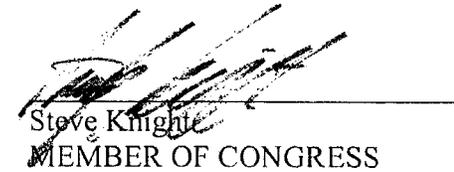
Dana Rohrabacher
MEMBER OF CONGRESS



Darrell Issa
MEMBER OF CONGRESS



Paul Cook
MEMBER OF CONGRESS



Steve Knight
MEMBER OF CONGRESS

Cc:

Mr. Tom Howard, Executive Director, State Water Resources Control Board

Mr. David Murillo, Regional Director, Mid-Pacific Region, U.S. Bureau of Reclamation

Mr. Will Stelle, Regional Administrator, West Coast Region, National Oceanic and Atmospheric Administration Fisheries

Mr. Ren Lohofener, Regional Director, Pacific Region, U.S. Fish and Wildlife Service

FY2015 - 2016 Retail Budget Assumptions and Timeline

Kate Motonaga
San Juan Water District
June 24, 2015

2015-16 Retail Budget Timeline

Activity

- Timeline and Assumption
- Draft 15-16 Retail Budget
- Prop 218 Notice
- Approval 15-16 Retail Budget

Date

- June 24, 2015 (today)
- July 8, 2015
- Sept 23, 2015 (Public Hearing)
- October 14, 2015

Assumptions

Sales:

- June – Sept. a 36% reduction in water use
- Beginning Oct. a slow increase in water usage
- Assume we do not get back to prior levels
 - Permanent changes in landscape
 - However, indoor use back to normal, green grass and filling of lakes and ponds
 - Somewhat offset by the rain that we need to get us out of the drought

Assumptions

Expenses:

- Careful monitoring of spending
- Repair versus replace
- Need not want
- Negotiated reductions in contracts
- Partially offset by ongoing conservation costs directly related to the Drought

Assumptions:

Non-budget:

- Operations and maintenance activities will continue while Board works to review and approve the budget
- Projects underway will continue
- Debt and Retirement obligations will continue to be paid

Discussion

June 15, 2015

To the Board of Directors
San Juan Water District

We are engaged to audit the financial statements of the San Juan Water District (the District) and perform a Single Audit (if required) for the year ended June 30, 2015. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. In planning and performing our audit, we will consider the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the District's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions, schedule of Funding Progress for Defined Benefit Pension Plan, schedule of Funding Progress for Other Post-Employment Benefit Plan, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.



To the Board of Directors
San Juan Water District

We have been engaged to report on the schedule of administrative and general expenses and schedule of operations, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory section and the statistical section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit in June 2015 and issue our report by the date previously agreed to by management.

This information is intended solely for the use of the governing board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Loughard, LLP