

AGENDA

**BOARD OF DIRECTORS
MIDDLE FORK PROJECT
FINANCE AUTHORITY**

**Thursday, July 16, 2009
10:00 a.m., Adjourned Meeting**

American River Room
Placer County Water Agency
144 Ferguson Road
Auburn, California

Members of the Board of Directors:

PLACER COUNTY WATER AGENCY

Lowell Jarvis, District 3
Mike Lee, District 4, Chair

COUNTY OF PLACER

Robert Weygandt, District 2, Vice Chair
Jim Holmes, District 3

- A. Call to Order
1. Roll call
2. Pledge of Allegiance
- B. Public Comment: Any member of the public may address the Authority Board on any matter within the jurisdictional authority of the Authority Board, or on any item of this agenda before or during the Authority Board's consideration of that item. Public comment is limited to three minutes per person or spokesperson of any group or such other time limit as may be imposed by the Chair in order to enable the Authority Board to complete its agenda within a reasonable period of time.
- C. Agenda Review and Changes
- D. Consent Calendar: All items listed under the consent calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff requests a specific item be removed from the consent calendar for separate action. Any item so removed will be taken up following the motion to approve the consent calendar.
- (pg 1) 1. Approve May 21, 2009, minutes.
- E. General Items
- (pg 5) 1. Report on status of Relicensing activities; take action as appropriate.
a. Review negotiation schedule

(pg 7)

2. Specific Resource Topics; take action as appropriate.
 - a. Vegetation and Pest Management Plan
 - (1) Purpose and need
 - (2) Overview of draft plan

- F. Reports By Directors: In accordance with Government Code § 54954.2(a), Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

- G. Reports by Legal Counsel

- H. Reports by Secretary

- I. Reports by Executive Director

- J. Closed Session
 1. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the Government Code: one potential case

- K. Adjournment

THE NEXT RESOLUTION NUMBER IS 09-02

The administrative affairs of the MFP Finance Authority are managed by PCWA. Inquiries regarding the MFP Finance Authority should be directed to the PCWA General Manager's office (530) 823-4860 for reply.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact PCWA at (530) 823-4860. Notification by Friday noon preceding the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

In accordance with Government Code Sec. 54954.2(a) this notice and agenda were posted in the Agency's outdoor bulletin board at the Placer County Water Agency Business Center at 144 Ferguson Road, Auburn, California, on or before July 10, 2009.

Schedule of Upcoming Board Meetings

- **Thursday, August 20, 2009, 10:00 a.m.** – Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
- **Thursday, September 17, 2009, 10:00 a.m.** – Adjourned Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
- **Thursday, October 15, 2009, 10:00 a.m.** – Adjourned Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
- **Thursday, November 19, 2009, 10:00 a.m.** – Regular Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
- **Thursday, December 17, 2009, 10:00 a.m.** – Adjourned Board of Directors' meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

MINUTES

BOARD OF DIRECTORS
MIDDLE FORK PROJECT
FINANCE AUTHORITY

Thursday, May 21, 2009 @ 10:00 a.m.
Regular Meeting

Board Directors present

Placer County Water Agency
Gray Allen, District 1 (Alternate)
Lowell Jarvis, District 3

Placer County
Robert Weygandt, District 2, Vice Chair
Jim Holmes, District 3

Board Directors Absent

Mike Lee, District 4, Chair

Authority Personnel Present:

Ed Tiedemann, General Counsel; Einar Maisch, Agency Director of Strategic Affairs (Representing, David Breninger, Executive Director); Joseph Parker, Treasurer.

County of Placer Staff Present:

Jenine Windeshausen; Treasurer-Tax Collector; Scott Finley, County Counsel; Brett Storey, Sr. Management Analyst; Beverly Roberts, Clerk

Placer County Water Agency Staff Present:

Mal Toy, Consultant

Others Present:

Dean R. Tibbs, Advanced Energy Strategies, Inc.

A. Call to Order

Vice Chairman Weygandt called the meeting to order at 10:00 a.m. in the American River Room, Placer County Water Agency Business Center 144 Ferguson Road, Auburn, California.

1. Roll call
2. Pledge of Allegiance. Director Holmes led the Pledge of Allegiance

B. Public Comment - No comment from the members of the public.

C. Agenda Review and Changes - None

D. Consent Calendar

1. Approve February 19, 2009 minutes.
2. Receive and file Check Register 09-02 expenses disbursed.
3. Receive and file Treasurer's Investment Report for the quarter ended March 31, 2009.

Motion by Director Holmes to approve all items in the Consent Calendar, second by Director Allen, and unanimously approved by all Directors.

E. General Items

1. Report on status of Relicensing activities; take action as appropriate.

- (a) Approach to MFP Relicensing negotiation process.

Agency Director of Strategic Affairs brought the Board up to date with a short but detailed power point on the MFP Relicensing, and approach to negotiations, noting that the FERC Relicensing process is continuing according to schedule. He thoroughly went through both pages noting the relicensing team has begun the transition from technical study reporting to the opening phases of the negotiation process. Early negotiation topics the team is currently engaged in include Vegetation and Pest Management, Sediment Management and Special Status Wildlife.

Discussion, questions and comments followed by Board of Directors, & Secretary.

Agency Secretary suggested adding monthly meetings in addition to the quarterly MFP FA meetings to go over each of these issues, understand and discuss the ramifications of the collaboration topic's that were noted in the Agency Director of Strategic Affairs power point schedule. If on a particular month there was nothing to discuss then the meeting could be cancelled for that month.

Agency Director of Strategic Affairs commented that the goal of the schedule is to negotiate all 17 separate major topic areas and for the Board to reach a 100% consensus before the license is applied for. He noted this could take up to 18 months or so. He suggested meeting the third Thursday of each month from 11:00 a.m. until 1:00 p.m., and beginning in July 2009.

Director Holmes suggested bundling issues as this would be the most effective use of time.

No action required, but all Directors unanimously agreed to an additional Middle Fork Project Finance Authority monthly meeting on non regular months (January, March, April, June, July, September, October, December) set for the third Thursday from 10:00 a.m. until 12:30 p.m. The location to remain at the American River Room, Placer County Water Agency, 144 Ferguson Road, Auburn, California.

2. Report on status of Business Plan activities; take action as appropriate.

- (a) Report on Request for Information process soliciting information from potential MFP energy marketing partners.
- (b) Authorize staff to publish Request for Information.

Brett Storey, Senior Management Analyst for Placer County presented a power point on the status of Business Plan activities. He noted on this team as well as himself is: Joe Parker, Authority Treasurer; Jenine Windeshausen, Placer County Treasurer; Dean Tibbs, Consultant; Ed Horton, PCWA; Ken Mellor, Consultant for RW Beck, noting they are tasked with making sure that in 2013 Business & Sales are ready to go. His summary overview covered the below.

- Power Marketing Team Progression
- RFI
- Schedule
- Staff Request

He noted RFI would be released in June 2009 and responses would be due back by August 3, 2009, and reported staff would brief the Authority Board at the November 19, 2009 meeting with results.

Discussion, questions and comments followed by Board of Directors.

Motion by Director Holmes to approve item E2, second by Director Allen, and unanimously approved by all Directors present.

3. Review MFP Relicensing Project year-to-date budget and actual schedule through May 4, 2009; take action as appropriate.

Authority Treasurer gave a summary overview of Exhibit A & Exhibit B as noted below in his memo dated May 12, 2009, which was part of the complete agenda packet.

The Project-to-Date Total Budget totals \$5.6 million. The current budget available amount of \$4.3 million is for planned use in 2009.

Motion by Director Jarvis to approve item E3, second by Director Weygandt and unanimously approved by all Directors present.

4. Receive year-end 2008 audited Financial Statement Report and Memorandum on Internal Control and Required Communications. Take action as appropriate.

Authority Treasurer gave a brief summary overview of the Audit 2008 Financial Statements and Internal Control Letter by Maze & Associates. He noted attached in the agenda packet is a Memorandum on Internal Control Structure and Required Communications, stating that there were "no internal control material weaknesses or reportable conditions".

Discussion, questions and comments followed by Board of Directors.

Motion by Director Jarvis to approve item E4, second by Director Holmes, and unanimously approved by all Directors present.

F. **Report by Directors:** None.

G. **Reports by Legal Counsel:** None.

- H. Reports by Secretary: None.
- I. Reports by Executive Director: None.
- J. Adjournment to next meeting: Motion by Director Weygandt to adjourn, all directors in favor. Motion carried to adjourn. Meeting adjourned at 11:10 a.m.

Thomas M. Miller, Secretary
Middle Fork Project Finance Authority

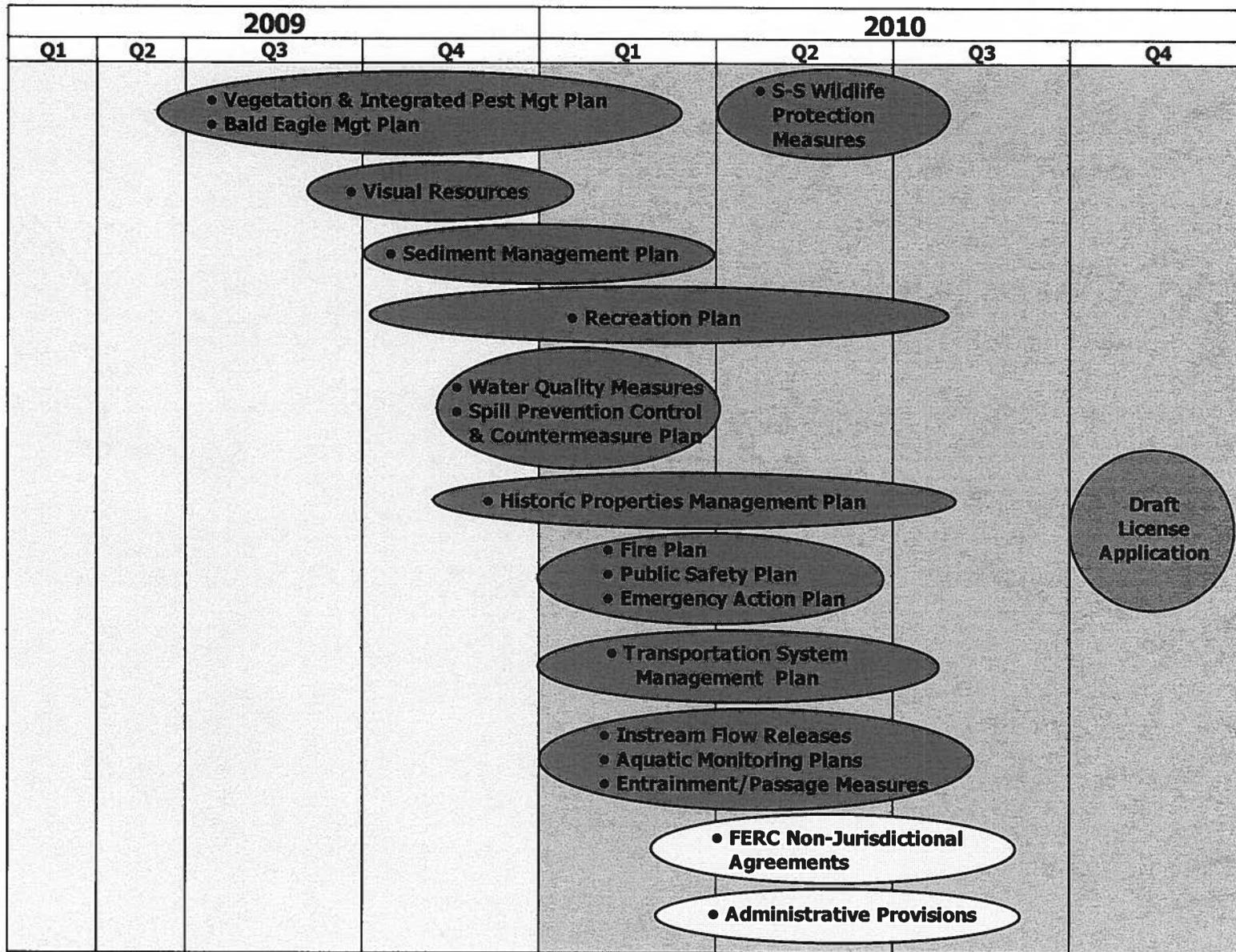
Date

Beverly Roberts, Clerk
Middle Fork Project Finance Authority

Date

DRAFT

Collaboration Topic Schedule



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E.2.

M E M O R A N D U M

TO: Middle Fork Project Finance Authority Board of Directors
FROM: Einar Maisch, Director of Strategic Affairs.
DATE: July 7, 2009
RE: MFP Relicensing: Vegetation and Integrated Pest Management Plan

BACKGROUND

Middle Fork Project relicensing staff has prepared the following summary of the issues and interests involved in the preparation of a Vegetation and Integrated Pest Management Plan. The Plan represents a good-faith opening proposal by relicensing staff to address the issues pertinent to this subject area, as well as protect or enhance PCWA's ability to effectively undertake routine operations and maintenance tasks. The negotiation of a final plan with the MFP stakeholder group will be undertaken in the coming three to four months; regular progress reports will be provided to the MFP Finance Authority Board.

PLAN OBJECTIVE

The objective of the Vegetation and Integrated Pest Management Plan (VIPMP or Plan) is to define routine vegetation and pest management (including measures to avoid and protect special-status biological resources) that will be implemented for the Middle Fork American River Project (MFP) during the term of the new license.

The U.S. Department of Agriculture-Forest Service (USDA-FS) is the primary agency involved in development of the VIPMP because the MFP is almost exclusively located on Forest land. This Plan will be incorporated into the Placer County Water Agency's (PCWA's) Draft Application for New License and ultimately become a license condition in the new Federal Energy Regulatory Commission (FERC) License.

NEED FOR THE PLAN

The VIPMP is a standard requirement in New License Orders issued by FERC. The Plan is necessary to clearly define the routine vegetation and pest management that PCWA will implement to ensure the safe and effective operations of the MFP, including protecting facility reliability, maintaining safe access to Project facilities and Project recreation facilities, providing worker and public health and safety, protecting sensitive biological resources, and reducing fire hazards.

PROCESS AND SCHEDULE FOR PLAN DEVELOPMENT

Four-Step Stakeholder Process for Plan Development

Step 1. Prepare and Distribute Briefing Document

PCWA prepared and distributed the Briefing Document on April 28, 2009 to stakeholders (resource agencies, non-government organizations, and members of the public). The Briefing Document summarized information necessary to develop the VIPMP such as current and future maintenance activities implemented at Project facilities and sensitive biological resources in the vicinity of these facilities. Information contained in the briefing document was compiled primarily from technical studies and reports completed as part of the MFP relicensing.

Step 2. Prepare and Distribute Plan Outline

PCWA prepared and distributed the Table of Contents of the VIPMP on May 26, 2009 to stakeholders to initiate discussions on relevant issues to be addressed in the Plan.

Step 3. Prepare and Distribute Draft Plan

The Plan is currently awaiting approval by the PCWA Board and the MFP Finance Authority Board; once approved it will be submitted to stakeholders for review and comment. The Draft Plan represents PCWA's good-faith, technically credible proposal that addresses both PCWA and stakeholder interests.

Step 4. Negotiate Plan

Following receipt of the Draft Plan, stakeholders will provide comments on the contents of the Plan. PCWA will evaluate each comment, and if necessary, collaborate with the stakeholders to negotiate mutually acceptable revisions to the Plan.

Schedule for Plan Development

Refer to Attachment A for the schedule for development of the VIPMP.

KEY COMPONENTS OF THE PLAN

Key components of the Plan consist of the following:

- Description of Vegetation and Pest Management
- Resources Potentially Affected by Vegetation and Pest Management
- Proposed Avoidance and Protection Measures
- Proposed Monitoring and Reporting, and Agency Consultation

CURRENT AND PROPOSED VEGETATION AND PEST MANAGEMENT

Current vegetation and pest management implemented at MFP facilities and recreation facilities include:

- Vegetation trimming by hand.
- Limited use of herbicides within the perimeter fence of select powerhouses and switchyards.
- Limited use of fungicide at Project recreational facilities.
- Use of traps or other non-chemical methods to manage rodents in the interior of Project facilities and on dam faces.

PCWA proposes to conduct additional vegetation and pest management activities at MFP facilities and recreation facilities including:

- Increased use of selective herbicides at Project facilities and Project recreation facilities.
- Use of rodenticides on select Project dams and the interior of Project facilities.

Additional vegetation and pest management requested by the stakeholders include:

- Treatment of noxious weeds at Project facilities and Project recreation facilities.

SPECIAL-STATUS RESOURCES

Special-status biological resources present in the vicinity of the MFP where vegetation and pest management is implemented include:

- Aquatic habitat and species
- Special-status plants
- USDA-FS Land Allocations and Important Habitats
 - Riparian conservation areas
 - California spotted owl protected activity centers (PACs) and home range core areas (HRCA)
 - Northern goshawk PACs
- Special-status wildlife

Other sensitive resources in the vicinity of the MFP include bald eagle and cultural resources. Measures to protect these resources during vegetation and pest management will be incorporated into other resource-specific management plans as appropriate.

FISCAL IMPACT

The fiscal impact of the Vegetation and Integrated Pest Management Plan on the MFP operating budget will be assessed and reported to the MFP Finance Authority Board as negotiations with MFP Relicensing stakeholders progress.

RECOMMENDATION

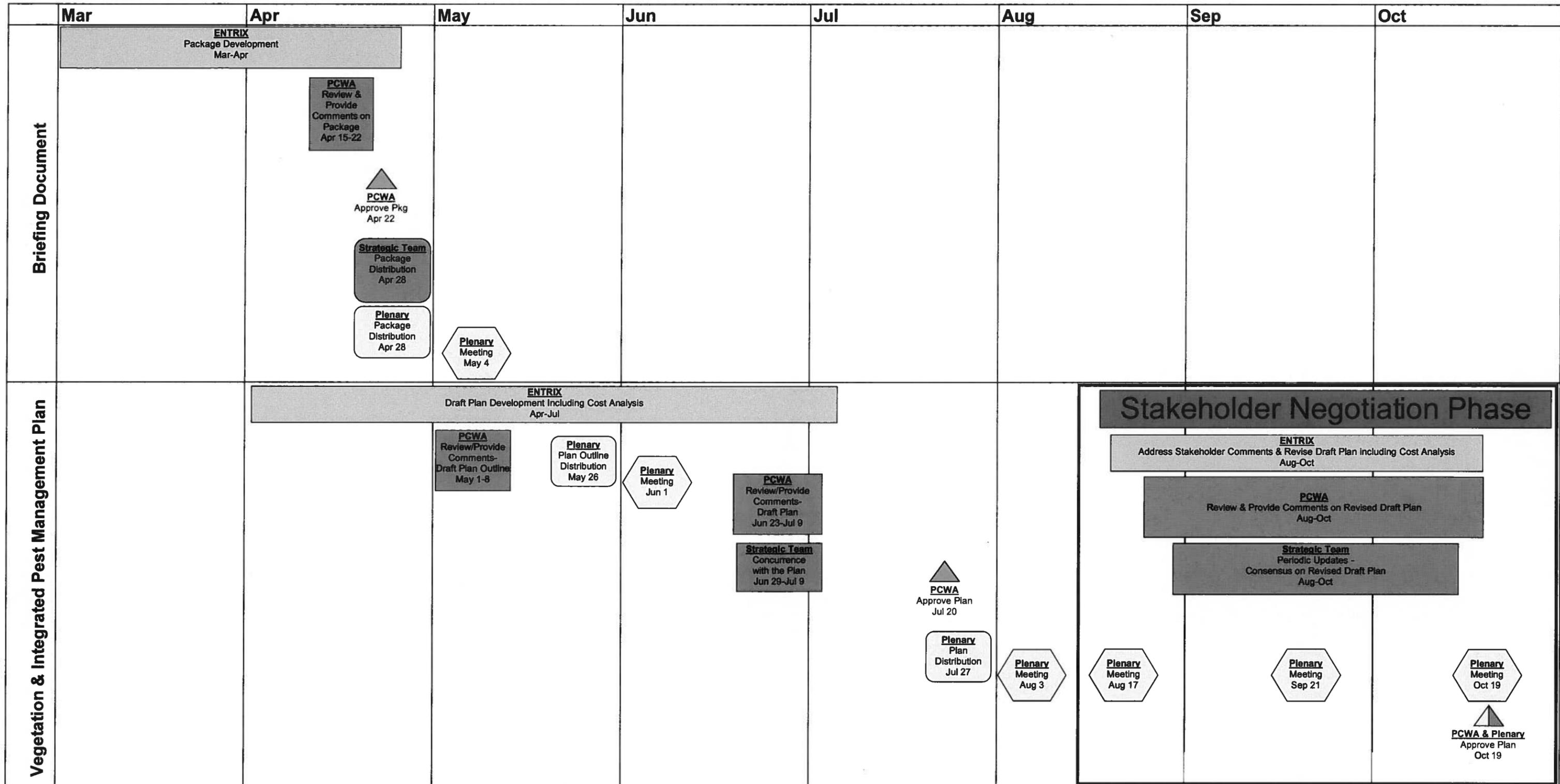
For informational purposes only at this time.

Attachment:

Attachment A - Schedule for Development of the VIPMP

ATTACHMENT A

Development of Vegetation and Integrated Pest Management Plan



ENTRIX
 PCWA Relicensing Team
 Strategic Team
 Plenary
 Approval