

**MINUTES**  
**BOARD OF DIRECTORS SPECIAL MEETING**  
**November 30, 2006**  
**SAN LORENZO VALLEY WATER DISTRICT**  
**BOULDER CREEK, CALIFORNIA**

The special meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Pres. Nelson on Thursday, November 30, 2006, at the Operations Building, 13057 Highway 9, Boulder Creek, California, at 7:31 p.m.

**CONVENE MEETING/ROLL CALL**

Roll call showed Dirs. Nelson, Vierra, Rapoza and McPherson were present. Dir Prather was absent. District Manager Mueller and Legal Counsel Hynes were also present.

**ORAL COMMUNICATIONS:**

Evan Jacobs, Cal-Am Water was present to address the Board. Mr. Jacobs stated that the CPUC approved a decision in the Felton general rate case. The decision would address the issue of rate shock by limiting the rate increase to 50% in the first year.

Paul Storm was present to address the Board. Mr. Storm stated that the Santa Cruz County Assessor was the most qualified appraiser to value the Felton Water District. Dir. Vierra stated that the Santa Cruz County Assessor was an assessor for taxing purposes not an appraiser of fair market values.

**NEW BUSINESS:** None.

**ADJOURNMENT TO CLOSED SESSION**

Dir. Nelson adjourned the meeting to closed session at 7:40 p.m.

- a. CONFERENCE WITH LEGAL COUNSEL;  
ANTICIPATED LITIGATION  
Initiation of litigation pursuant to subdivision (c) of California Government Code section 54956.9.  
One (1) potential case.
- b. Conference with Real Property Negotiator.  
Property: The real properties and business interests of California American Water Company, Felton District including but not necessarily limited to APN's 64-011-01, 64-011-02, 64-021-04, 64-021-07, 64-021-18, 64-021-22, 64-021-23, 64-031-23, 64-031-28, 64-031-37, 64-041-18, 64-051-03, 64-052-18, 64-083-05, 64-201-22, 64-201-33, 64-201-34, 64-201-35, 64-381-05, 64-381-06, 64-381-16, 64-381-17, 64-381-20, 65-013-12, 65-013-34, 65-202-15, 65-234-16, 65-281-03,

71-031-03, 71-031-33 and 71-161-16 generally located in Felton, California 95018.

Agency Negotiators: James A. Mueller, District Manager  
Jeffery M. Oderman, Special Counsel  
Negotiating Parties: California American Water Company  
Under Negotiation: Price and Payment Terms

**RECONVENE TO OPEN SESSION TO REPORT ACTIONS TAKEN IN CLOSED SESSION:**

Dir. Nelson reconvened the regular meeting at 8:40 p.m. and reported out that:

- a. CONFERENCE WITH LEGAL COUNSEL;  
ANTICIPATED LITIGATION  
Initiation of litigation pursuant to subdivision (c) of California Government Code section 54956.9.  
One (1) potential case.  
  
No discussion, no reportable action.
  
- b. Conference with Real Property Negotiator.  
Motion was made by Dir Rapoza to approve offer of just compensation in the sum of \$7.6 million to California-American Water Company for the Felton Water System.  
The Board approved an offer of just compensation in the sum of \$7.6 million to California-America Water Company for the Felton Water System.

ROLL CALL:

Ayes: McPherson, Nelson, Vierra, Rapoza  
Noes: None  
Absent: Prather  
Abstain: None

**ADJOURNMENT**

Dir. Nelson adjourned the meeting at 8:40 p.m.

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Brandon Barchi  
District Secretary  
San Lorenzo Valley Water District