

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 12, 2011. The Meeting was called to order at 11:50 A.M., with the following Directors and Officers present:

- Directors: Harvey A. Bailey, President
H.A. "Gus" Collin III, Vice President
David Brown
Russell Katayama
Arlen Miller
- Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer
- Others: John Sanders, Field Operations Supervisor
- Public: Paul Adams (Booth Ranches)

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for January 2011 was called to order by President Bailey at 11:50 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated no changes to agenda were needed. Director Katayama motioned to approve the agenda as presented. Director Brown seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public comments were made. Paul Adams, Financial Officer of Booth Ranches, was present for a portion of the meeting in which 2011 water rates were discussed.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the December Regular Board Meeting. Director Miller motioned to accept the minutes as provided in the Board packet. Director Collin III seconded the motion and the Board voted unanimously in favor of accepting the December minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$364,942.94 from December 09, 2010 to January 12, 2011. Various atypical / non-recurring payments, such as payments of water rights fees to the State Water Resources Control Board for KRSB, FWR and CVP Contract (the latter of which is being contested in the Courts), payment of \$2,726.41 to Ruben and Natalia Gonzalez, and payment of \$13,296 to Priscilla Ketscher Family for water deposit refund and \$25,758.31 to FPA for Friant II power project development. After general discussion on the bills and no significant questions regarding the validity of any warrants to be paid, Director Brown motioned to pay the bills as presented. Director Katayama seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by \$70.00 since the prior report. Total Standby delinquencies of \$85,761.77 remain uncollected compared to \$89,675.47 at the same time last year (one month after bills for upcoming year are payable).

Controller Ramirez noted several delinquent water users who paid their balance and others whose delivery meters have been locked.

Controller Ramirez noted receipt of \$100,000.00 from NRP for the execution of the Option Agreement dated December 15, 2010 and \$7360.18 from CHI for reimbursement of the KRSB Water Right fee.

Controller Ramirez noted that 0 acre feet of water was delivered, according to Bureau's Canal side meters, in the month of December. It was noted that the District is in the position to carryover close to 11 thousand acre feet for the 2011 Contract Year to protect against drought / SJRRP Interim Flows. Manager Morrissey informed the Board he will evaluate the utility of this supply and corresponding pay the approximately \$7 per af rescheduling fee before March 1, 2011 depending on precipitation over the next six weeks and the value of the water supply at that time.

Supervisor Sanders noted that the variation between the Friant Water Authority's canal-side meter readings and the District's individual propeller meter readings is now 287 acre feet, where the District's meters show less usage than the Bureau's meters. Because this discrepancy is approximately 1% of the usage, this variation is not outside of what may be expected and no action will be taken to reconcile the discrepancy.

Controller Ramirez noted the LAIF balance is \$2,864,627.95 and is generating an annual rate return of 0.454%. It was noted that the Capital Repayment Fund balance is \$5,802,680 and the Rate Covenant Fund balance is \$377,531 with a total of \$12,659 interest accrued to date since January 1, 2010.

Controller Ramirez noted that the District would be providing salary and compensation information to the State Controller's Office by January 14 to comply with Government Code 12463.

Controller Ramirez noted that the IRS mileage reimbursement rate for 2011 was to be \$0.51 per mile.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. The major activity during the month was construction of secondary containment of transformer oil at the FWR power plant, as well as meter repair, light fixture installation and drainage improvements in the yard area.

7. Draft 2011 Water Rates.

The Board considered the financial status of the District, including its need to pay capital associated with its 9d repayment contract, FPA cash flow requirements, lack of capital payments to act as a buffer to shield against shifting Reclamation O&M charges that appear more likely given Delta pumping restrictions, and the need to collect 100% of debt service associated with system Rehabilitation. Subsequent to some very good discussion, and exchange of at least one brilliant idea by Director Brown, the Board decided to keep the water rates at the same level of 2010 until such time that the District's resources are able to satisfy the District's debt, (which is presently approximately \$3MM greater than its resources). Director Katayama motioned to maintain water rates at 2010 levels. This motion was seconded by Director Collin III and voted for unanimously by the Board.

8. Non-Project Water Discharge Policy.

The Board discussed the draft non-project discharge policy which is being considered to allow District landowners to pump in their underlying groundwater to the District's distribution system. After much discussion, it was recommended that the District pursue development of such a policy and that while the Draft Policy has merit, Manager Morrissey look to other irrigation districts' that may have an existing policy. Director Miller requested that development of this policy not be put on the back burner, and that the District should have a focused effort to fully explore the use of this resource in order to optimize water delivery to all landowners in the District under, especially under dry hydrologic conditions.

9. Electrical Power.

The Board considered the briefing paper on FPA Financing Expectations (v5 - 01-06-11 revisions) to provide input to Director Brown who is the District's representative on the FPA Board of Directors. The Board was unanimous in its concurrence with the tenets outlined in this document and expressed to Director Brown that he had the Board's support in his Directing FPA to follow this direction.

10. Closed Session

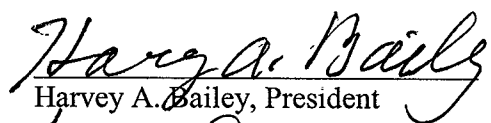
The Board went into closed session at 2:15 P.M. to discuss personnel issues.

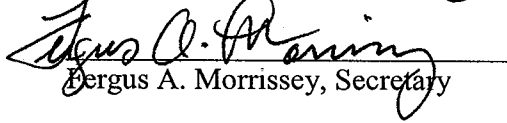
11. Return to Open Session

The Board returned to open session at 2:40 P.M and reported that Director Katayama motioned, Director Brown seconded and the Board voted unanimously in favor of the District's acceptance of Dalia Cantu's medical status warranting coverage under the Family Medical Leave Act.

12. Adjournment.

With no further business to discuss, the Board of Directors meeting was adjourned at 2:47 P.M. with the next scheduled meeting to occur on Monday February 07, 2011 at 11:30 A.M.


Harvey A. Bailey, President


Fergus A. Morrissey, Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Monday, February 7, 2011. The Meeting was called to order at 11:45 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, President
H.A. "Gus" Collin III, Vice President
David Brown
Russell Katayama
Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer

Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for February 2011 was called to order by President Bailey at 11:45 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated no changes to agenda were needed. Director Brown motioned to approve the agenda as presented. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the January Regular Board Meeting. Director Miller motioned to accept the minutes as provided in the Board packet. Director Collin III seconded the motion and the Board voted unanimously in favor of accepting the January minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$224,257.37 from January 13, 2011 to February 7, 2011. Various atypical / non-recurring payments, such as payments of \$526.40 to Office Team Temporary Agency, \$15,840 to Jake's Roofing for the new main office building roof (plywood and coating), \$100 to Gordon Crumal and \$461.03 to Tommy Wilson for year end up dates to computer software and \$1,829.44 to Tony Rivas Hauling for purchase and transport of clean road base material for use in the unpaved portion of the District's facility. After general discussion on the bills and no significant questions regarding the validity of any warrants to be paid, Director Katayama motioned to pay the bills as presented. Director Collin III seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by approximately \$12,000 since January 31, 2011 and are in total nearly \$10,000 below last year's level. Total Standby delinquencies of \$73,990.97 remain uncollected compared to \$83,762.82 at the same time last year.

Controller Ramirez noted only two delinquent water users whose deliveries have been locked. paid their balance and others whose delivery meters have been locked.

Controller Ramirez noted invoicing of \$28,801.56 to TVWD for 2010 meter reading services and \$4,050 from Jesus Cantu for a 6" meter installation performed by District field staff.

Controller Ramirez noted that 0 acre feet of water was delivered in the month of January. It was noted that the District is in the position to carryover close to 11 thousand acre feet

318
for the 2011 Contract Year to protect against drought / SJRRP Interim Flows. Manager Morrissey informed the Board he will evaluate the utility of this supply and correspondingly pay the approximately \$6.32 per af rescheduling fee before March 1, 2011 depending on precipitation over the next few weeks and the value of the water supply at that time, relative to the Districts costs.

Controller Ramirez noted the KRSH and FWR power plant production for the previous month, which were as anticipated based on the lack of flow in the FKC and the elevation at Millerton, respectively.

Controller Ramirez noted the LAIF balance is \$2,767,208.97 and is generating an annual rate return of 0.462% (a tic up from the previous month and reversal from the prolonged downward trend). It was noted that the Capital Repayment Fund balance is \$5,809,130 and the Rate Covenant Fund balance is \$378,375 with a total of \$3,375 interest accrued from the latter since January 1, 2011.

Manager Morrissey discussed the fact that approximately \$2.6MM of the Capital Repayment CD's have matured. Because this value is substantially more than the \$1.9+MM due May 1, and the time value of money relative to payments associated with paying off the capital in installments is 1.7% (annually), an option presented to the Board is to pay the first installment at an amount greater than the \$1.9+MM due. Following discussion, the Board recommended paying ½ of the matured amount in excess of the installment amount toward the first installment and retaining the other half of the matured amount for payments associated with FPA New River Outlet project costs.

Manager Morrissey indicated he would contact the BOR and work out the necessary details to prepare them to perform the calculation and expect a first installment in excess of the documented requirement, according to the District's 9d Contract.

Manager Morrissey informed the Directors that the District now has a website up and running. The http address is "orangecoveid.net" Discussed were optional levels of interaction to be made available to the growers, i.e. meter usage summary, account balances, etc....It was concluded that this could be done for those that request such information be made available to them rather than setting up the site for access by every landowner considering that 90% of them may never utilize the tool. To this end, Supervisor Sanders will draft a letter to the growers to determine those who would like to have access to their personal information on the website. Based on the number of positive responses, staff will determine how to achieve addressing the growers wishes.

Controller Ramirez printed RRA Check List sheet to show acreage and compliance forms to be submitted by those landowners subject to RRA limitations.

Controller Ramirez notified the Board, through documentation provided by the State Controller's Office, that the District's staff pay rates have been submitted and are publically available on the SC's website.

Controller Ramirez generated a summary of Chandler Appreciation Dinner expenses for which the Directors and the Manager are responsible (non-reimbursable). The Board confirmed that the summary was accurate.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. No action was taken by the Board.

7. Water Management.

Manager Morrissey indicated that with substantial carryover supply held by the District and the lack of precipitation for the month of January there was still a potential the District could utilize this supply, provided the reservoir did not spill before the end of uncontrolled season. Manager Morrissey expressed to the Board that prior to making a final request for carryover to the Bureau, he would consider the reservoir levels and precipitation outlook and decide accordingly on the volume to reschedule for next year.

At present, the Bureau has declared 100% Class 1, 20 % residual (post uncontrolled season) Class 2.

8. Electrical Power

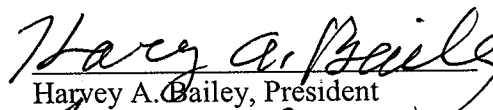
The Board discussed FPA II and its associated financing needs. The need for FPA securing a revenue bond for the project will likely be mid 2012, with each participants share being approximately \$2 – \$2.5 MM. Based on recent progress by the lead consultant URS, it appears that the ultimate cost will be below the cost projected (embedded in the \$2.5 MM estimate), given project refinements and the ability for the new RO plant to feed into the PG&E transformer adjacent to the FWR power plant, vs. a new transformer being required at the FPA FKC facility for all four plants (RO1, RO2, Madera, FKC). This action is also expected to provide more reliable incoming power to the FWR power plant.

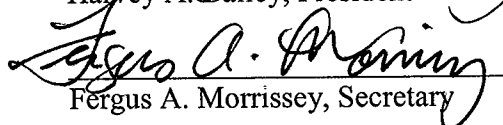
9. Non-Project Water Discharge Policy.

The Board had further discussion of this draft Policy. Several other Friant Districts provided Manager Morrissey with their version of the same or similar policy for consideration. Manager Morrissey will utilize the aspects within those policy documents that most closely fit the ideal policy envisioned by the Board, into a document that can be shared with the Board before legal counsel for further input. Manager Morrissey indicated that this year, because it is going to be > 100% Class I, such a policy was not needed as the Board does consider that this alternative shall be constrained to low water supplies.

10. Adjournment.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:03 P.M. with the next scheduled meeting to occur on Wednesday March 09, 2011 at 11:30 A.M.


Harvey A. Bailey, President


Fergus A. Morrissey, Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, March 9, 2011. The Meeting was called to order at 11:40 A.M., with the following Directors and Officers present:

- Directors: Harvey A. Bailey, President
 H.A. "Gus" Collin III, Vice President
 David Brown
 Russell Katayama
 Arlen Miller
- Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
 Robert T. Ramirez, Controller/Treasurer
- Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for March 2011 was called to order by President Bailey at 11:40 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated no changes to agenda were needed. Director Brown motioned to approve the agenda as presented. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the February Regular Board Meeting. Director Katayama motioned to accept the minutes as provided in the Board packet. Director Miller seconded the motion and the Board voted unanimously in favor of accepting the February minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$342,175.22 from February 8, 2011 to March 9, 2011. Various atypical / non-recurring payments, such as payments of \$1,760 held as a payment retention to Darren Garret for the new roof on the District's office, \$1,416.52 to Roger Norton for a refund of water deposit (Mr. Norton has sold his land in the District), \$1710.73 to Ramcast Ornamental Supply for components associated with an electric gate for the District's yard and \$4,720 for property insurance renewal through ACWA/JPIA (a 2% increase over last year's rate) were noted and discussed. Director Miller noted payment of weather alert service on Supervisor Sanders phone bill of \$9.99 and asked if this was necessary. It was determined that this service was not requested by Supervisor Sanders and in fact is not being received. Supervisor Sanders will contact Sprint and have it removed from future bills and request a credit for fees paid for this inactive service to date. After general discussion on the bills and no other significant questions regarding the validity of any warrants to be paid, Director Katayama motioned to pay the bills as presented. Director Brown seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by \$17,088.23 since January 31, 2011 and are in total nearly \$6,500 below last year's level. Total Standby delinquencies as of February 28, 2011 of \$56,875.17 remain uncollected compared to \$63,317.64 as of February 28, 2010.

Controller Ramirez noted the two delinquent water users whose deliveries have been locked have paid their balances and as of this time there are no delinquent users.

Controller Ramirez noted invoicing of \$28,801.56 to TVWD for 2010 meter reading services which is payment of their entire bill for District services.

Controller Ramirez noted that 5 acre feet of water was delivered in the month of February. Manager Morrissey noted that the District has made a request for the carryover of 2,000 acre feet. It is apparent that Millerton and the upstream storage reservoir levels will compel the Bureau to make flood releases prior to the District's ability to utilize or transfer significant quantities of carryover supply. It is anticipated that the District may be able to utilize up to 2,000 acre feet of rescheduled 2010 supply prior to the end of uncontrolled season or spill/flood release.

Controller Ramirez noted the KRSH hydropower for the month of January was \$3,378.07 due to limited releases as a result of the FKC being dewatered for the bulk of the month. It was noted that the FWR January 2011 production was significantly above the last eight year average (40%) as a result of a relatively full Millerton Reservoir and optimal operation.

Controller Ramirez noted the LAIF balance is \$5,952,208.97 including \$1,915,331.42 for the May 1 capital installment and \$750,000 for FPA 2 Capitalization. Yield has been moving up and is currently at an annual rate of return of 0.538%. It was noted that the Capital Repayment Fund balance held in certificates of deposits is \$3,226,905 and the Rate Covenant Fund balance is \$379,219 with a total of \$4,219 interest receivable (paid semi-annually) as of February 28, 2011.

It was discussed by Manager Morrissey that due to timing requirements of the Bureau to make an installment on the capital repayment obligation different from the schedules payment, it would not be able to alter the payment due May 1. After discussion with the Board, it was decided that at this time, it is best to maximize cash reserves as opposed to pre-paying the capital balance.

In the previous monthly minutes it was written that the District's website address is "orangecoveid.net". This is in fact an error, with the correct address being "orangecoveid.org". The Board indicated that neither of these addresses come up on Google when doing a search. Manager Morrissey will have Keith Clem "webmaster" look into this and ensure the name is properly registered.

Controller Ramirez printed RRA Check List sheet to show acreage and compliance forms to be submitted by those landowners subject to RRA limitations. At this time there are 4 landowners that have not submitted forms (R.C. Holmes, Dean Gillette, Richard Kausen and Vincent Lobue).

Controller Ramirez provided the Board with a spreadsheet of landowners in the District displaying that have ordered (for 2011) less than their 1.4 acre foot per acre allotment and those without an application on file.. To date, orders received total 33,657.932 acre feet

Manager Morrissey discussed the 2011 Spring ACWA Conference coming up the second week of May in Sacramento. It was determined that Directors, Bailey, Collin III and Katayama would be attending, along with Manager Morrissey.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. No action was taken by the Board.

7. Closed Session.

The Board entered Closed Session for a discussion of real property negotiations with District Special Counsel Gary Sawyers at 1:03.

8. Open Session.

The Board returned to Open Session at 1:18 with no reportable action.

9. Temporary Water Service Contract.

The Board considered Resolution 2011-01 to enter into a 215, temporary water service contract. The following roll call vote was taken:

Director Collin III – Aye

Director Brown – Aye

Director Katayama – Aye

Director Miller – Aye

Director Bailey – Aye

Resolution 2011 was unanimously approved and Manager Morrissey and Director Bailey will execute the 215 Temporary Water Service Contract and submit to the Bureau for their execution/finalization.

10. Water Supply.

Manager Morrissey expressed to the Board that he was investigating long term water management options so that the District's landowners would be protected during years with dry hydrology. Manager Morrissey will continue to investigate and appraise the Board of options that he determines are available in upcoming Board Meetings.

One option was briefly discussed with the Board insofar as it was discussed between Manager Morrissey and Dennis Keller, although specific details are not yet available. In general, the District would commit to transferring a quantity (up to 8TAF per year) of water to the City of Visalia on a long term basis in exchange for cash payment. Until the City constructs a surface water treatment plant (5-10 years), they would pay a relatively smaller \$ amount to the District, inversely proportional to hydrology and that water would be used for groundwater recharge. Once a surface water treatment plant were built and online, payment, on an acre foot basis, would be substantially more and indexed to an inflation escalator. While no specific details have been advanced, the term of an agreement would be lengthy (i.e. 40 or 50 years) and this aspect, notwithstanding the fact that it is understandable the City must have certainty, is certainly a big issue as far as the District commitment is concerned.

11. Electrical Supply

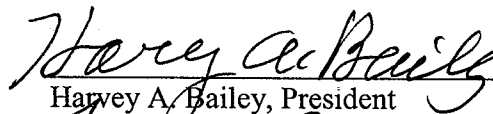
Manager Morrissey discussed the status of FPA #2 with the Board. No action was taken.

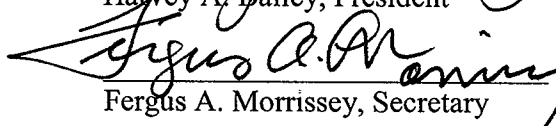
12. Friant Water Authority

The Board discussed issues associated with the status and progress of the San Joaquin River Settlement Act and water supply impacts. No action was taken by the Board.

13. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:25 P.M. with the next scheduled meeting to occur on Wednesday April 13, 2011 at 11:30 A.M.


Harvey A. Bailey, President


Fergus A. Morrissey, Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, April 13, 2011. The Meeting was called to order at 11:54 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, President
 H.A. "Gus" Collin III, Vice President
 David Brown
 Russell Katayama
 Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
 Robert T. Ramirez, Controller/Treasurer

Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for April 2011 was called to order by President Bailey at 11:54 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated no changes to agenda were needed. Director Brown motioned to approve the agenda as presented. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the March 2011 Regular Board Meeting. Director Brown motioned to accept the minutes as provided in the Board packet. Director Miller seconded the motion and the Board voted unanimously in favor of accepting the March minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$365,187.65 from March 10, 2011 to April 13, 2011. Various atypical / non-recurring payments, such as payments of \$1,500 to US Bank for Trust annual fees for the 2009 Rehabilitation project refinancing, \$97.50 to the Business Journal for noticing of potential water transfers in excess of 20% of the District's contract supply, \$2,900 to the BOR for RRA Form Submittal Violation fees, and \$14,873.57 to FPA for the Districts share of FPA 2 project development expenses. After general discussion on the bills and no significant questions regarding the validity of any warrants to be paid, Director Miller motioned to pay the bills as presented. Director Katayama seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by \$8,757.25 since February 28, 2011 and are in total \$9,523.72 below last year's same period amount. Total Standby delinquencies as of March 31, 2011 of \$47,903.60, remain uncollected compared to \$57,427.32 as of March 31, 2010.

Controller Ramirez noted the two delinquent water users whose deliveries have been locked have paid their balances and as of this time there are no delinquent users.

Controller Ramirez noted payments from Bailey Revocable Trust and Apache Grove for RRA Violation fees have been paid in addition to all other fined landowners.

Controller Ramirez noted that 23 acre feet of water was delivered in the month of March. Manager Morrissey noted that at present, water is available under a 215 declaration of the Bureau at a total cost of \$15 dollars per acre foot. The Board suggested disseminating this information (via District-wide correspondence) to all landowners to encourage demand as the use of this supply during the 215 declaration does not count against the District's contract in addition to being at a lower price.

Controller Ramirez noted the KRSH hydropower revenue for the month of February was \$20,769.41. It was noted that the FWR February 2011 production was significantly above the last eight year average as a result of a relatively full Millerton Reservoir and optimal operation.

Controller Ramirez noted the LAIF balance is \$5,952,208.97 including \$1,915,331.42 for the May 1 capital installment and \$750,000 for FPA 2 Capitalization. Yield is currently at an annual rate of return of 0.512%, down from last month's 0.5378%. It was noted that the Capital Repayment Fund balance held in certificates of deposits is \$3,230,402 and the Rate Covenant Fund balance is \$380,063 with a total of \$5,063 interest receivable (paid semi-annually) as of March 31, 2011. Controller Ramirez noted particular difficulty/miscommunication/late payment of interest on the Rate Covenant Fund from Sutter Securities.

Director Collin III suggested that staff contact Sutter Securities and that a better process be implemented to ensure proper and timely payment of interest to the District. Controller Ramirez indicated he would follow through on that action.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. Director Brown noted his concern regarding the amount of graffiti being tolerated, specifically on Delivery System 8. The Board was in agreement that the District staff should take additional steps to thwart the actions of those defacing public property. Supervisor Sanders will take action toward that goal, including increasing level of signage and potential installation of video surveillance cameras, alarm sirens and/or lighting and other activities as warranted.

Manager Morrissey discussed with the Board a Seminar to be held in Santa Barbara later in the month entitled – "Investing in California's Water Future". It was the Board's recommendation that Manager Morrissey attend, notwithstanding the fact that none of the Director's would be available.

7. Water Supply.

As far as this year's water supply, the water year is running at between 160-175% of normal in the SJR, and the District will be able to utilize 215 supply at least through May of this year at a total cost of \$15 as noted above. Manager Morrissey will provide a letter to all District landowners to alert them that 215 water is available to landowners at a reduced cost.

8. Electrical Supply

Manager Morrissey discussed the status of FPA #2 with the Board. Among the topics of discussion was the prospect of Manager Morrissey serving in a role to ensure FPA#2 development occur in an optimal fashion, protecting FPA from potential detrimental decisions taken during the construction process. The Board decided that this activity would best be served by an independent consultant so that the District, did not disproportionately shoulder this responsibility. No formal action was taken by the Board, but Manager Morrissey will inform the FPA Board of the District's Board in this matter.

9. State Water Resource Control Board Water Right Fee Case

The Board discussed the issue and agreed that it would be prudent to continue to pursue legal avenues toward a positive resolution for this fee issue, provided that the District's share of costs do not increase above the estimate provided by Larry Baumann of the Central Valley Project Water Association.

10. Irrigated Lands Regulatory Program

Manager Morrissey informed the Board relative to the developments associated with this issue. No action was taken by the Board.

11. Groundwater Banking Options

Manager Morrissey discussed two long term options associated with water banking. In particular, a potential opportunity to fractionally "take" water that is "put" into a bank as a function of water declaration was discussed. The banking partner would be Consolidated Peoples Ditch Company and Dennis Keller representing both that entity and the District would facilitate a potential Agreement. The Board expressed that they considered this program to have merit and encouraged Manager Morrissey to explore further and develop a draft agreement for their consideration as terms evolve.

Manager Morrissey also discussed his meeting with Dana Munn of North Kern Water Storage District where a similar opportunity is available and the Board expressed the same willingness to partner in opportunities for the District to secure a lower cost dry year supply than would otherwise be available on the "open market".

12. Assembly Accountability and Administrative Review Committee

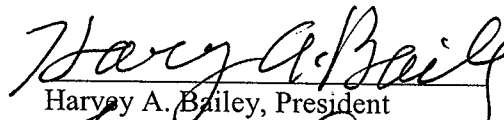
Manager Morrissey provided the Board with a summary of discussions of the California Assembly as provided by Friant's Sacramento staff, Glenn Farrell. No action was taken by the Board.

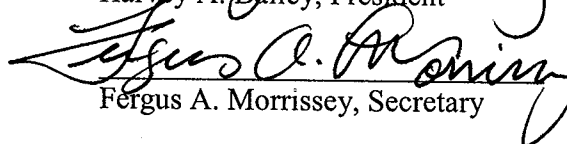
13. Friant Water Authority

General discussion of Friant Water Authority issues were discussed. No action was taken by the Board in this regard.

14. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:36 P.M. with the next scheduled meeting to occur on Tuesday May 17, 2011 at 11:30 A.M.


Harvey A. Bailey, President


Fergus A. Morrissey, Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Tuesday, May 17, 2011. The Meeting was called to order at 8:09 A.M., with the following Directors and Officers present:

- Directors: Harvey A. Bailey, Chairman
H.A. "Gus" Collin III, Vice Chairman
David Brown
Arlen Miller
- Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer
- Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for May 2011 was called to order by President Bailey at 8:09 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated no changes to agenda were needed. Director Brown motioned to approve the agenda as presented. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the April 2011 Regular Board Meeting. Director Collin III motioned to accept the minutes as provided in the Board packet. Director Miller seconded the motion and the Board voted unanimously in favor of accepting the March minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$348,077.17 from April 14, 2011 to May 17, 2011. Various atypical / non-recurring payments, such as payments of \$1,600 to Mastro and Associates for progress payment on the 2010 Audit, \$4,831.11 to FPA for FPA 2 hydro development, and \$1,448.94 to the Friant Water Authority for the November to May Waterline mailing. After general discussion on the bills and no significant questions regarding the validity of any warrants to be paid, Director Collin III motioned to pay the bills as presented. Director Brown seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by \$7,792.45 since March 31, 2011 and are in total \$14,540.81 below last year's same period amount. Total Standby delinquencies as of April 30, 2011 of \$40,111.15, remain uncollected compared to \$54,651.96 as of April 30, 2010.

Controller Ramirez noted the two delinquent water users whose deliveries have been locked have paid their balances and as of this time there are no delinquent users.

Controller Ramirez noted USBR RRA form violations charges totaling \$5,196.15 associated with the SJ River Ranch has been paid by the District on their behalf. The District has subsequently billed the SJ River Ranch for this amount and that entity will be ineligible to receive water from the District until payment is received there from.

Controller Ramirez noted that 426 acre feet of water was delivered in the month of April (2011), compared to 133 acre feet in April of 2010 and 2,104 in April of 2008 (the recent 5 year maximum). Given similar weather and temperature patterns between 2010 and 2011, it appears likely that the greater usage in 2011 is attributable to the availability of 215 Contract water at a reduced price as communicated to landowners in the District.

Comparison of Friant's canal side meters and the District-wide year to date meter readings are in close agreement this month, with a discrepancy of 11 acre feet out of 475 (2.3% variance).

Controller Ramirez noted the KRSH hydropower revenue for the month of March was \$16,681.05. This amount is observed to be on pace with last year's generation which resulted in a net revenue of just under \$5,000 to the District. It was noted that the FWR March 2011 production was almost identical to last year's value and the year to date generation is far above last years. It was noted that the April generation for the FWR will fall significantly short of last year's given the low lake elevation (significantly below normal) maintained during April 2011. This low head trend is expected to vanish as the reservoir fills due to diminishing Army Corp flood conservation space requirements.

Controller Ramirez noted the LAIF balance is \$3,957,899.68 which reflects a significant drop from last month's total resulting from the \$2,000,000 transfer to Bank of the West for the District's first installment of the 9d capital repayment. The LAIF Balance includes \$172,309.68 for the current year operating fund and \$750,000 for FPA 2 Capitalization. It was noted that the monthly rate of return has increased by 88 basis points from 0.50% to 0.588% (an eight month high). Controller Ramirez noted that an automatic payment transfer mechanism has been established with Sutter Securities to streamline and receive more timely interest payments from the Rate Covenant Fund Certificates of Deposit.

It was noted that the Capital Repayment Fund balance held in certificates of deposits is \$3,233,004 which is just under \$600,000 less than the payment obligation for the combined 2nd and 3rd capital repayment installments, due May 1 of 2012 and 2013, respectively. It was noted by Controller Ramirez that the Rate Covenant Fund balance is \$376,702.

District Summary of Certification and Declaration Forms (RRA summary) were provided in the Board Packet materials. No action was taken.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. District Staff performed a comprehensive crop survey over the past few months and quantified the acreage planted with relatively young (< 3 year) permanent plantings to be 1,800 acres (it was discussed that this number of approximately 6.5 % of the irrigated acreage was less than expected based on casual (qualitative) observations made by Staff and the Directors). It was also noted that the non-cropped acreage increased from 884 acres to 1186 acres. Based on this information, the Directors and Manager Morrissey conclude that acreage conditions are not a major driver in the generally reduced surface water deliveries to District landowners in the past several years. Price is emerging as the major driver and the District is hopeful to control and in fact reduce the price point in the future with the expanded hydropower development and sale of its water right holding in Northern California.

Supervisor Sanders reviewed with the Directors, the District's five year projections for capital budget expenditures. Director Miller offered an alternative IT consultant (Mainline out of Reedley) should staff wish to explore other vendors for this service. The Directors tacitly approved the projected budget expenditures as expenditures are considered necessary and reasonable and no formal action was needed to accept the projections.

Controller Ramirez noted that Dalia Cantu, administrative clerk, would be out on extended leave for a surgical procedure beginning May 23. Staff intends to hire a temporary replacement for the interim, which is a relatively busy time period and remaining staff would be unable to "cover" for her absence.

Manager Morrissey noted that the Bureau is requesting an additional \$5,000 deposit to cover the costs associated with their completion of the District Reorganization. It was noted that the Bureau is not expected to consume this entire amount and in general make requests for deposits based on a buffer. Based on input from the Bureau, the process is expected to be complete in the early part of Summer of 2011. Director Miller made a motion to deposit with the Bureau an additional \$5,000 to complete the reorganization. Director Brown seconded the motion and the Board voted unanimously in favor thereof.

Director Collin III summarized some of the highlights of the seminar attended by he and Manager Morrissey on "Investing in our Water Future" in Santa Barbara in April. Director Collin III noted that the exposure to this group of individuals and information presented was very valuable in understanding the position of the District within the framework of the larger investor community. Director Collin III expressed the desire for the Board to have a tour of the Semitropic Water Storage District's groundwater banking operation. Manager Morrissey will arrange for such a tour, later in the season, perhaps in October.

7. Director Representatives

The Board of Directors considered Resolutions 2011-2 and 3 requesting and consenting to consolidation of election and setting forth the specifications for the election order for Tulare and Fresno County, respectively. By motion of Director Collin III and second by Director Brown, the Board voted unanimously in favor of said resolutions. Director Katayama was not present at the meeting and rendered no vote.

8. Water Supply.

As far as this year's water supply, the water year is running at between 160-175% of normal in the SJR, and the District will be able to utilize 215 supply at least through June of this year (provided canal prorate does not go into effect), however the cost is uncertain as are other terms of the emerging Contract at this time. It is possible that the price will no longer be \$15 but closer to \$23 per acre foot, reflective of the "full cost" associated with 215 supplies.

9. 215 Contract

The Board of Directors considered Resolution 2011-4, authorizing the Chairman and the Secretary (Director Bailey and Manager Morrissey) to execute a 215 Temporary Water Supply contract for the remainder of the Contract Year. As this Contract is not yet finalized and the terms are not yet defined, execution shall follow provided the final Contract is deemed reasonable and favorable to District operations and finances, based on the authorized representatives discretion.

10. Electrical Supply

Manager Morrissey discussed the status of FPA #2 with the Board. No formal action was taken by the Board.

11. State Water Resource Control Board Water Right Fee Case

Manager Morrissey noted to the Board the estimate of cost contribution incumbent upon the District to remain engaged in litigation with the State Water Resources Control Board has been lowered. Since the expected contributory cost is less than previously anticipated and approved by the Directors, Manager Morrissey informed the Board that he affirmed with Larry Bauman, Central Valley Project Water Association Manager, the District's continued engagement in the litigation process.

12. Irrigated Lands Regulatory Program

This item was not discussed as there was no new information available at the time of the meeting. No action was taken by the Board.

13. Groundwater Banking Options

Manager Morrissey apprised the Directors of the status of the District regarding an opportunity with Consolidated Peoples Ditch Company. At this time, Yokhl Valley interests have been given a first right of refusal to commit to an Agreement with that entity until the end of the year. The District is next in line to negotiate terms once that right is either declined or time expires. No action was taken by the Board.

14. Friant Water Authority

General discussion of Friant Water Authority issues were discussed. No action was taken by the Board in this regard.

15. ACWA Summary

General discussion of the ACWA conference occurred by the attendees (Director Bailey, Collin III and Manager Morrissey). No action was taken by the Board.

16. Investment Policy

The Districts Investment Policy from 2010 was discussed. The Board was not inclined to suggest any changes to the Policy, nor were any recommendations or suggestions offered by Staff. Manager Morrissey will update the footer of the 2010 document to reflect a 2011 acceptance date.

17. Closed Session

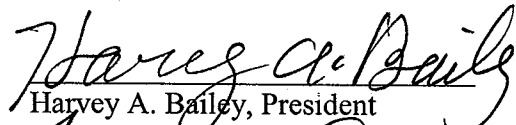
The Board entered into Closed Session with Legal Counsel Sawyers to discuss real property negotiations at 09:05 A.M.

18. Return to Open Session

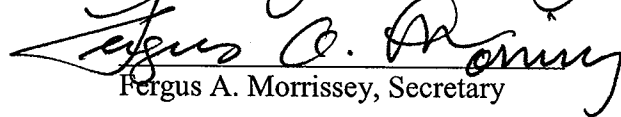
The Board returned to Open Session at 09:20 A.M. and announced no reportable action taken during Closed Session.

19. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 1:05 P.M. with the next scheduled meeting to occur on Wednesday June 8, 2011 at 11:30 A.M.



Harvey A. Bailey, President



Fergus A. Morrissey, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, June 8, 2011. The Meeting was called to order at 11:48 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
 H.A. "Gus" Collin III, Vice Chairman
 David Brown
 Russell Katayama
 Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
 Robert T. Ramirez, Controller/Treasurer

Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for June 2011 was called to order by President Bailey at 11:48 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated correction to Item 4, approval of minutes, was to be for the May 2011 meeting and not the April, 2011 meeting as indicated on the Agenda. Manager Morrissey noted that item 10, Irrigated Lands Regulatory Program status would not be discussed. Director Katayama motioned to approve the agenda as amended. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda as amended.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the May 2011 Regular Board Meeting. Director Brown motioned to accept the minutes as provided in the Board packet. Director Miller seconded the motion and the Board voted unanimously in favor of accepting the May 2011 minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants totaling \$296,455.45 to be approved for the period May 10 to June 8, 2011. Various atypical / non-recurring payments, such as refunds of water deposits, payment of \$5,000 to the Bureau to cover their costs associated with their staff's effort required to finalize the District reorganization (2009), and the purchase of flash protection gear in the amount of \$1,750.38 for use by field staff when resetting breakers at the Fishwater Hydropower plant (for health and safety purposes).

Director Brown questioned reason for inclusion of Purchase Orders serving as documentation of payment to Emerson Industrial (\$1,577.90) and M&M Control Services (\$1,182.31) verses invoices. Controller Ramirez indicated that the PO's were included in lieu of the invoices because they have more information pertaining to the expenditure and are therefore more descriptive of the nature of the purchase relative these particular invoices for the noted purchase. Director Collin III requested that staff consider an alternative means of calculating the amount that District representatives must reimburse the District for expenditures associated with meals paid for with District funds which include individuals, including spouses, in order to simplify the process and time required by Controller Ramirez to account for and allocate expenditure details. Controller Ramirez indicated that a potential solution may be a per diem quantity for each District representative. Controller Ramirez promised to research the appropriateness of this alternative.

After general discussion of the warrants to be approved, Director Miller motioned to pay the bills as presented. Director Katayama seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies due for 2011 are \$11,866.23 compared to last year for the 2010 year of \$21,242.97. The delinquent Standby balance has decreased by \$5,147.95 since April 30, 2011.

Controller Ramirez noted a single delinquent water user, Gary Smith, whose delivery has not been locked at this time.

Controller Ramirez noted USBR RRA form violations charges totaling \$5,196.15 associated with the SJ River Ranch that was paid by the District on their behalf, has been received. An additional receipt of RRA violations totaling \$1,450 has been received by Apache Grove, LLC. It was noted that Mr. Charles Kryder paid \$1,050 for a District 4-inch meter / delivery setup that was surplus to District's need.

Controller Ramirez noted that 2,485 acre feet was used within the District in May. This quantity is approximately 5% above normal for May. To date, the District has yet to begin to use its Class 1 Contract supply as it has taken advantage of 215 supplies that have been available at a lower price. This price incentive seems to have spurred demand given that May usage is above average in the face of the generally wet conditions and suppressed irrigation requirement.

Controller Ramirez noted the KRSR hydropower revenue for the month of April was \$20,741.04. The generation amount to date is observed to be on pace with last year's which resulted in a net revenue of just under \$5,000 to the District. It was noted that the FWR April 2011 production was below last year's value and this is attributable to the delayed runoff from the generally cool conditions during April. Notwithstanding this lag in runoff, revenues to date significantly exceed performance over the previous 7 years.

Controller Ramirez noted the LAIF balance is \$3,857,899.64 which reflects a transfer of \$100,000 to Bank of the West last month. LAIF's May performance has dropped since April and is currently at 0.413%, down from 0.588%.

It was noted that the Capital Repayment Fund balance held in certificates of deposits is \$3,2343,320 which is just under \$600,000 less than the payment obligation for the combined 2nd and 3rd capital repayment installments, due May 1 of 2012 and 2013, respectively. It was noted by Controller Ramirez that the Rate Covenant Fund balance is \$376,702.

Controller Ramirez noted the District's receipt of an inquiry from Bloomberg's municipal Bond Group requesting the District's 5-year audited financial statements. It was noted that Bloomberg is making this due diligence request as a result of their investor's lack of confidence with the standard rating agencies evaluations. The District received an A- rating from S&P in 2009.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. District Staff made repairs to SCADA infrastructure caused by wind damage, a delivery turnout due to a wayward vehicle and an air vent on System 5b resulting from disking of a field. Additionally, the 2010 Five-year Water Conservation Plan was finalized and approved by the Bureau in addition to meter repairs, meter reading, USA's and the other routine activities of the field staff.

The Board of Directors considered Resolution 2011-5, to adopt the revised 2010 water conservation plan, determining that it is in full compliance with the CVPIA's requirements. Directors Collin III, Brown, Katayama, Miller and Chairman Baily voted unanimously in favor of adopting Resolution 2011-5.

Manager Morrissey noted that a late comment letter to Napa County Conservation and Development Planning on the Draft EIR for the Napa Pipe Project was received by Napa Redevelopment Partners. Manager Morrissey noted that he provided a response to Counsel Sawyers on the comments and that Counsel Sawyers upon his request, was granted permission to forward said response to NRP.

7. Workers Compensation Insurance

Controller Ramirez noted the quotes and lack of quotes received by the District given the District's request for quotes for Workers Compensation Insurance. *Preferred Employers Insurance Company* to date has submitted the lowest quote for premium and Controller Ramirez was authorized by the Board to select coverage through them, pending lack of any more favorable quote which may be received by others (Amtrust and or Farmers).

8. Water Supply.

Manager Morrissey discussed with the Board, options for use of available supplies (Class 1, 215 at various price points depending on month of use, and Recovered Water Account (RWA) water going forward. The Board decided to use the District RWA water allocation (credits in advance of impacts to SJR Restoration) of approximately 5,000 acre feet at a total cost of \$10/af during June and use 215 water as available in July and August. Due to the use of 215 water this year, it appears that the District will have significant carryover supplies and that the District will not be unique amongst other Friant Contractors in this regard.

9. Electrical Power

Manager Morrissey discussed the process of the FPA moving toward a power purchase agreement for the sale of its power generated from the new River Outlet Power Plant and in 2015, the remaining FPA plants. No action was taken by the Board.

10. ILRP

Discussion on this topic was deferred to a later date.

11. Friant Water Authority

Manager Morrissey discussed with the Board H.R. 1837, a bill into the House of Representatives by Congressman Devin Nunes. No action was taken by the Board. In addition to this topic, the State Water Resources Control Board's consideration of SJR Flow objectives for meeting water quality objectives in the delta and the positions of the San Joaquin River Group Authority and Friant Water Authority in this regard were discussed. No action was taken by the Board.

12. Closed Session

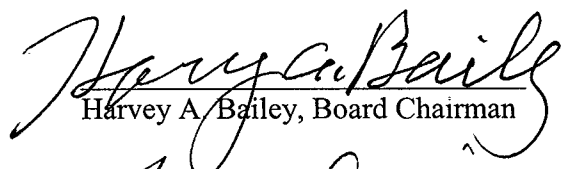
- a. Personnel Matters – The Board met in closed session with Manager Morrissey to review the District's benefits policy and individual staff salaries.

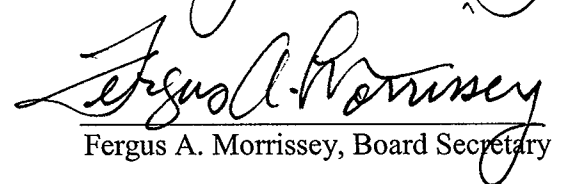
13. Open Session

- a. Reportable Action Taken - Upon return to open session, Chairman Bailey announced that all staff (Manager Morrissey excluded) would receive a 2.6% pay increase effective July 1.

14. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:57P.M. with the next scheduled meeting to occur on Wednesday July 13, 2011 at 11:30 A.M.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, July 13, 2011. The Meeting was called to order at 11:45 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
H.A. "Gus" Collin III, Vice Chairman
David Brown
Russell Katayama
Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer

Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for July 2011 was called to order by President Bailey at 11:45 A.M.

2. Additions to and approval of the Agenda.

Director Katayama motioned to approve the agenda as provided. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the June 2011 Regular Board Meeting. Director Brown motioned to accept the minutes as provided in the Board packet. Director Collin III seconded the motion and the Board voted unanimously in favor of accepting the June 2011 minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants totaling \$621,199.74 to be approved for the period June 8 to July 13, 2011. \$288,940 of these noted warrants are payable to the Bureau of Reclamation for water purchases in the various categories of 215, RWA and Class 1. Various atypical / non-recurring payments, such as \$670.34 to Office Team for temporary employee services while Ms. Cantu was on medical leave, \$862.50 to Sawyers and Holland for legal services associated with the Trust Agreement for Napa Redevelopment Partners, \$1,500 to Family Farm Alliance, \$4,382.68 to FPA for Hydro Power 2 development, 4,072.31 to Technoflow for meter repair parts, and \$9406.07 to FWA for the July 2011 call for funds were noted by Controller Ramirez. It was also noted that the District is being charged \$17,445.41 by Reclamation for "Extraordinary O&M" incurred in FY 2009 and once payment is made to Reclamation they will refund to the District, approximately \$12,000 in overpayments made to other Reclamation accounts in FY 2009.

Director Brown suggested to Controller Ramirez that he could save money on routine servicing the District vehicle he uses by having it serviced at Chapa's Automotive vs. "oil Changers" in Fresno (invoices for the month show relative charges of \$60.53 vs. \$130.74). Controller Ramirez will arrange future routine oil service / maintenance at Chapa's.

After general discussion of the warrants to be approved, Director Katayama motioned to pay the bills as presented. Director Miller seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies due for 2011 are \$22,708.32 compared to last year's \$31, 552.36. The delinquent Standby balance has decreased by \$5,680.59 since June 30, 2011.

Controller Ramirez noted two delinquent water users, Angel Perez and Penner/Hovannisian, whose deliveries have not been locked at this time.

Controller Ramirez noted that the Los Molinos Mutual Water Company should be reimbursing (but to date has not) the District annually for 1/25th of the \$5,514.02 payment made by the District thereto for capital improvements made in 2009. At this time, it was deemed by the Board not necessary to pursue this payment due to current water right negotiations.

Controller Ramirez noted 3,632 acre feet was used within the District in June. This quantity is approximately 18% below normal for June during the last five years. This is attributable to temperatures being well below normal during June 2011. During June, the District delivered approximately 2/3 of its available RWA balance and will deliver the remaining portion in July.

Controller Ramirez noted the KRSH hydropower revenue for the month of April was \$0.00. This was due to the uncontrolled season / high flows in the canal (free flow) where there is close to zero head differential of the tailrace relative to the penstock.

It was noted that the FWR power plant May revenue was significantly below average. This is wholly a function of the lower than normal lake elevations created by the high flows in the canal and high river releases undertaken to make room for the delayed (and very large) runoff into Millerton this year due to the cool spring temperatures. Notwithstanding the low month's production, the FWR is ahead of the average cumulative generation pace over the last seven years and months going forward will be much higher than normal once the runoff fills Millerton Lake.

Controller Ramirez noted the LAIF balance is \$3,857,899.64 with June performance increasing slightly to 0.448% compared to May's 0.413%.

It was noted that the Capital Repayment Fund balance held in certificates of deposits is \$3,236,213 which is just under \$595,837 less than the payment obligation for the combined 2nd and 3rd 9d capital repayment installments, due May 1 of 2012 and 2013, respectively. It was noted by Controller Ramirez that the Rate Covenant Fund balance is \$377,553.

Field Supervisor Sanders reported on O&M activities for the month of June. In addition to several repairs to the pipeline infrastructure, staff performed a lot of maintenance on delivery meters to ensure accurate accounting of flows to District landowners. Manager Morrissey summarized and highlighted Tulare County's Agricultural Report for 2010.

Manager Morrissey provided and discussed comment letters that he had recently received from Michael Patrick George that were submitted to the Napa County Planning Department relative to the Supplemental Draft EIR prepared for the Napa Pipe Project. The Napa Redevelopment Partners (NRP) seek to purchase and redeploy the District's water right by for their development in Napa County. Letters were submitted by Los Molinos Mutual Water Company and the Mill Creek Conservancy.

As a result of the discussion, the Board advised Manager Morrissey to provide the Napa Planning Department with a letter from the District addressing the issues raised in these comment letters once he has an opportunity to discuss the matter with Counsel Sawyers and coordinate with NRP on the scope of the necessary response.

7. **FY 2010 Financial Audit**

Joe Mastro of Cuttone & Mastro provided a summary of their firms findings on his audit of the Districts 2010 financial statements. As reflected in the Auditor's Report, it is their opinion that the financial statements reviewed present fairly, in all material respects, the financial position of the District as of December 31, 2010 and 2009 and the respective changes in financial position, and cash flows thereof for the years then ended, are in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the state Controller's Office and state regulations governing special districts.

In summary, the District's assets increased by \$7,290,100. This increase is predominantly a result of the conversion of the District's Water Supply Contract with the United States to a 9d Repayment Contract, the latter of which is considered a capital asset.

The District's liabilities increased by \$6,322,900, of which \$1,772,900 and \$4,550,000 are short and long term liabilities, respectively. This amounts to a change (increase) in net assets of \$967,200 over FY 2009.

Following the report to the Board of Directors, Director Brown motioned to accept the 2010 Financial Audit prepared by Cuttone and Mastro. Director Miller seconded the motion and the Board voted unanimously in favor of accepting the 2010 Financial Audit.

8. Certificates of Liens

Resolution 2011-07 Authorizing Certificates of Lien / Sale to Secure Unpaid Accounts was considered by the Board. Resolution 2011-07 pertains to a list of some 26 landowners with delinquent accounts (generally for water and / or other services provided by the District, however in this case all delinquencies are related to Stand-by charges), all of whom have heretofore received notices of delinquency. On motion of Director Miller and second of Director Katayama, the Board voted unanimously to adopt Resolution 2011-07, authorizing certificates of liens on landowners with delinquent accounts.

9. Water Supply.

Manager Morrissey discussed with the Board the fact that has been known for some time, there is abundant water supply this year. Uncontrolled season continues and there has been very little use of Class 1 supply to date among all Friant districts. This circumstance may result in excessive carryover requests, which will to a potentially great extent, be denied. Friant users are deliberating how to deal with the excess water supply conditions.

10. 215 Contract

Manager Morrissey discussed the Temporary 215 Water Supply Contract (11-WC-20-0142) made available by Reclamation for the period June 1, 2011 through February 29, 2012. The Board considered Resolution 2011-06, required to execute said contract. On motion of Director Katayama and Second of Director Brown, the Board voted unanimously in favor of adopting Resolution 2011-06 to enter into a 215 Contract with the United States for the aforementioned period.

11. Electrical Power

Per Purchase Agreement

Manager Morrissey provided the Board of Directors with the most current *draft* of the "Project Agreement Governing Financing and Construction of Quinten Luallen Power Plant, [6-30-2011JAM Revise]. The Board of Directors were unanimous in their concurrence with the terms and specific details of the document including those related to cash and financing participant obligations. The Board was unanimous in their determination that they would hereafter resolve to accept this document in final form, provided that its final form is substantially the same as the draft considered this day.

HelioPower / Solar Power Development

Manager Morrissey discussed a potential solar net metering project up to one Megawatt in size that the District may wish to consider pursuing, subject to pending economic feasibility analysis. At this time, HelioPower (a consulting/coordinating firm) is obtaining one year's worth of time of use electrical consumption by the District from PG&E in order to evaluate the financial feasibility of developing such a project. The District will need to acquire the use of approximately 5 acres in order to develop the project and the total cost is projected to be in the \$5MM range.

PG&E 2011 Fixed Price Amendment

Manager Morrissey discussed with the Board the fact that the term of the District's 2006 Fixed Price Amendment relating to the Fishwater Release Plants Power Purchase Agreement between the District and PG&E expires this year. Consequentially, PG&E is offering a new 2011 fixed price amendment, at a substantially lower price than the 2006 Amendment price and if executed the District will be obligated to relinquish any and all Renewable Energy Credits flowing from the facility, to PG&E. Additionally, under the 2011 Amendment, the District will be obligated to provide to PG&E with daily forecasting of power production (on a daily basis) and monthly and annual estimates of power production throughout the term of the 2011 amendment.

Alternatively, not entering into a 2011 Fixed Price Amendment will subject the District to receiving energy payments in accordance with PG&E's Short Run Avoided Cost (SRAC), which is based on a calculation regulated by the California Public Utilities Commission. The SRAC is a variable price substantially driven by the actual cost of natural gas (which is not fixed). Natural gas is the input energy needed by PG&E to generate electricity, and payments made to the District on this basis stem from the costs that would be experienced by PG&E but for the FWR.

At the present time, the fixed price is marginally better than the forecasted SRAC price during the remainder of the PPA with PG&E (expires 2015) based on natural gas cost trends and projections. Because it is only marginally better than the fixed price offer and because the District would have to relinquish without monetizing its Renewable Credits, and because of the requirement to provide daily estimates of power generation to PG&E the Board determined that it would not be prudent to enter into a 2011 fixed price amendment to the 2006 fixed price amendment and therefore, no action on the part of the District is necessary.

12. ILRP

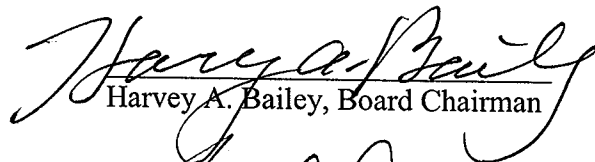
Manager Morrissey discussed the current status of the developing Irrigated Lands Regulatory Program. No action was taken by the Board.

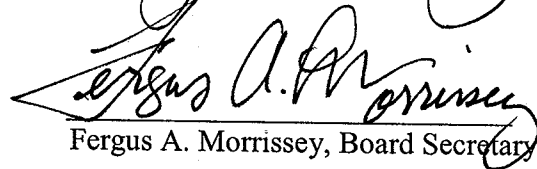
13. Friant Water Authority

Manager Morrissey informed the Board that the FWA has employed Ms. Jennifer Buckman to act as their (exclusive) Staff Counsel. Ms Buckman has worked as Special Counsel for FWUA during the San Joaquin River litigation when she was an associate at Best – Best & Krieger (BB&K). She replaces the services (for the most part) of Counsel Rob Sawyer of BB&K and D. Zachary Smith, of Ruddell, Cochran, Stanton, Smith, Bixler & Wisheart, LLP.

14. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 4:07 P.M.. The next Board meeting was scheduled for Thursday August 18th at 11:30 A.M. in the office of the District.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Thursday, August 18, 2011. The Meeting was called to order at 12:04 P.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
 H.A. "Gus" Collin III, Vice Chairman
 David Brown
 Russell Katayama
 Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary

Others: John Sanders, Field Operations Supervisor

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for August 2011 was called to order by President Bailey at 12:04 P.M.

2. Additions to and approval of the Agenda.

Director Brown motioned to approve the agenda as provided. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the July 2011 Regular Board Meeting. Director Miller motioned to accept the minutes as provided in the Board packet. Director Katayama seconded the motion and the Board voted unanimously in favor of accepting the July 2011 minutes. ***Director Miller requested that Manager Morrissey provide draft minutes upon completion (in advance of the Board Packet mailing) so there would be minimal time between meeting and minute review.***

5. Approval of Bills.

Manager Morrissey discussed warrants totaling \$447,833.48 to be approved for the period July 14 to August 10, 2011. It was noted that two vehicles (Ford F150 and Ford Ranger) were purchased for Controller Ramirez and Supervisor Sanders, respectively, under the State of California Bid program.

Director Brown questioned the charge for the 1,000 hour service on the backhoe, in relation to hours on the machine. Supervisor Sanders indicated that this major service was due by the calendar, but the vehicle has less than 400 hours total. Board was also reminded that service payments are covered under the grant for the machine (from the Air resources Board). Director Miller inquired as to the \$1,575.95 payment to PG&E associated with the SFA Cost of Ownership/FWR powerplant, questioning what the acronym SFA represents and in general what the purpose for the charge. ***(NEED TO GET THIS INFORMATION FROM ROBERT)***

After general discussion of the warrants to be approved, Director Brown motioned to pay the bills as presented. Director Miller seconded the motion and the Board voted unanimously in favor of paying the bills presented by Manager Morrissey.

6. Monthly Report.

Manager Morrissey noted Standby delinquencies due for the year 2011 ending July 31 (excluding delinquencies prior to 2011) are \$20,424.63 compared to last year's \$31, 857.30 the 2010 year. The delinquent Standby balance has decreased by \$7,964.28 since June 30, 2011.

Manager Morrissey noted seven delinquent water users, noting that none of their deliveries have been locked. This issue will be revisited next Board meeting. No action was taken at this time.

Manager Morrissey noted that KRSH Power Plant did not generate income due to high flows in the FKC during May and June. At this point, gross revenue is approximately \$81k through June and with only July, August and September left in the fiscal year (CHI) it appears likely the District will receive no royalty this year from CHI. No action was taken.

Manager Morrissey indicated the FWR power plant is maintaining production at normal rates. No action was taken.

Manager Morrissey reported on the LAIF balance, Capital Repayment Reserve Fund and the Rate Covenant Fund. No action was taken by the Board.

Manager Morrissey reported that Controller Ramirez prepared the information required U.S. Bank Trust Services for the Water Revenue Refunding Bonds Series 2009 included in the Board Packet. No action taken.

Manager Morrissey reviewed the Cost Analysis Credit for Reduced Water Costs prepared by Controller Ramirez. Reduction in costs payable to the Bureau through July are \$163,832.28 based on the utilization of RWA and 215 water supplies.

Manager Morrissey noted that the 2004 GMC and the 2007 Chevy pickup trucks have been liquidated for a combined income of \$12,650 which is 94% of the combined asking price of \$13,500

Director Miller requested a summary status report on the ownership information be prepared relative to the time-of-use reservoirs used by the District. Manager Morrissey will provide that information the Directors prior to the next Board Meeting.

Manager Morrissey noted the IRS mileage rate for the second half of 2011 has increased from \$0.51 to \$0.55.

Supervisor Sanders went over the monthly O&M Report. No action was taken.

7. Water Management

Manager Morrissey discussed with the Board that the effective transfer from the District to TVWD was minimal compared to the supply reserved for TVWD. ***The Board requested that Manager Morrissey write a letter to TVWD expressing the Board's disappointment relative to TVWD's failure to fulfill the informal arrangement between the District and TVWD and the fact that TVWD did not live up to the spirit of the arrangement.***

Manager Morrissey reviewed water usage / contract utilization, transfer of Class 1 water supply to Lower Tule River ID and Arvin Edison WSD. Based on expected usage for the remainder of the contract year, it appears that the District will be able to reschedule approximately 5,000 af from this year into next as protection against dry year / SJR restoration releases. No action was taken.

8. Electrical Power

Manager Morrissey discussed the status of FPA Hydro II and the progress being made toward execution of a PPA with the City of Santa Clara for power generated from that plant as well as from FPA 1 at the termination of the existing PPA with PG&E in 2015.

9. Friant Water Authority

The Board requested that Manager Morrissey send a letter to Friant Water Authority reflecting the Board's serious concerns relative to surface water quality, specifically in regard to algae control and Friant's apparent lack of management thereof. The Board was concerned that perhaps the Authority has forgotten their primary mission of conveying water of good quality to their constituents. The Board expressed they have become frustrated with the annual recurrence of this issue and lack of direction or progress made by the Authority. Director's Miller and Katayama both expressed they have been largely unable to use FKC water during the previous month due to extremely poor quality. ***Manager Morrissey indicated that he would prepare a letter and Chairman Bailey would request the issue be put onto the agenda of the next FWA BOD meeting.***

Director Miller expressed to Manager Morrissey that the material storage bins appear to be extravagant relative to the needs of the Authority and the general abundance of space at their disposal that could be used in lieu of these very large, reinforced concrete storage bins. Director Miller expressed that the appearance of the bins have caused those who drive by the structure (and it is in a very well travelled area) that are landowners in the District to suggest to him that the

construction is extravagant and does not appear to be a useful expenditure. Manager Morrissey indicated that the cost of the structure is approximately \$35,000 with half being labor of the Authority. *Manager Morrissey will discuss the issue with Friant Staff.*

10. Real Property Negotiations

The Board discussed two items associated with the Mill Creek water right and Napa Redevelopment Partners, after deciding that there was no need to go into open session.

- a. Proposed Agreement between NRP and LMMWC relative to diversion constraints to minimize operational impact to LMMWC
- b. Extension of the Option Agreement by NRP.

The Board of Directors was agreeable to the document generated relative to above item a, as modified by Counsel Sawyers and discussed.

The Board agreed to extend the option agreement pursuant to the terms of the Option Agreement, without deviating from those terms as was recently requested by NRP. *The Board requested Manager Morrissey work with Counsel Sawyers to generate a response to their request.*

11. Return to Open Session

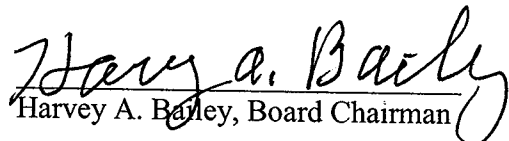
Not Applicable (since the Board did not go into Closed Session)

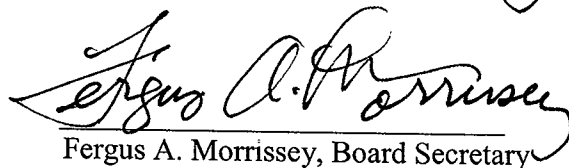
12. ACWA Nomination of Sandy Denn

The Board unanimously agreed to support Ms. Denn as a candidate for 2011-2012 ACWA Vice-Presidency and unanimously passed Resolution 2011-08 during a roll call vote with all Directors present.

13. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:20 P.M.. The next Board meeting was scheduled for Wednesday September 14th at 11:30 A.M. in the office of the District.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, September 14, 2011. The Meeting was called to order at 11:58 P.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
H.A. "Gus" Collin III, Vice Chairman
David Brown
Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary

Others: John Colbert, Chairman – Tri-Valley Water District
John Sanders, Field Operations Supervisor

NOTE: Director Katayama was absent.
Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for September 2011 was called to order by President Bailey at 11:58 P.M.

2. Additions to and approval of the Agenda.

Director Brown motioned to approve the agenda as provided. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the August 2011 Regular Board Meeting. Director Miller motioned to accept the minutes as provided in the Board packet/via email. Director Brown seconded the motion and the Board voted unanimously in favor of accepting the August 2011 minutes. Director Miller noted his appreciation in receiving the draft minutes in electronic form for review soon after the Board meeting. Manager Morrissey will provide draft minutes to Directors as soon as practical following the meetings in this form.

5. Approval of Bills.

Controller Ramirez discussed warrants totaling \$709,513.23 to be approved for the period August 11 to September 14, 2011.

Last month Director Miller inquired as to the \$1,575.95 payment to PG&E associated with the Cost of Ownership/FWR powerplant. Based on available documents, staff explained that the District is obligated in perpetuity to pay financing costs attributable to the District and PG&E associated with transmission. The District's financed portion is approximately \$250 per month, with the balance being costs paid by the District for PG&E's financing costs reimbursable by the District thereto. There remain a few questions / missing documents that are being provided to the District to answer a few outstanding questions associated with this charge.

After general discussion of the warrants to be approved, Director Collin III motioned to pay the bills as presented. Director Miller seconded the motion and the Board voted unanimously in favor of paying the bills presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted 23 Standby delinquencies due for the year 2011 ending August 31 (excluding delinquencies prior to 2011) total \$19,904.43 compared to last year's \$19,160.96 for the 2010 year only. The delinquent Standby balance has decreased by \$520.20 since July 31, 2011. It was noted that a handful (five) of the delinquent's properties have been foreclosed upon.

Controller Ramirez noted seventeen delinquent water users, noting those whose deliveries are locked and those who have paid recently.

Controller Ramirez noted that KRSH Power Plant did not generated income due to high flows in the FKC during May, June and July. At this point, gross revenue is approximately \$81k through July, and with only August and September left in the fiscal year (CHI) it appears likely the District will receive no royalty this year. No action was taken.

Controller Ramirez indicated the FWR power plant is maintaining production at normal rates. No action was taken.

Controller Ramirez reported on the LAIF balance, Capital Repayment Reserve Fund and the Rate Covenant Fund. No action was taken by the Board. LAIF rate of return is at an all time low of 0.381% annually.

Controller Ramirez summarized for the Board, outside water sales quantity, price and net margin.

Manager Morrissey reviewed water usage / contract utilization, transfer of Class 1 water supply to Lower Tule River ID and Arvin Edison WSD, use of RWA water, etc. Based on expected usage for the remainder of the contract year, it appears that the District will have the opportunity to reschedule approximately 5,000 af from this year into next as protection against dry year / SJR restoration releases. No action was taken.

Director Miller at last month's meeting requested a summary status report on the ownership of the time-of-use reservoirs in the District. Manager Morrissey provided that information to the Directors included in the Board Packet. In summary, two of the four reservoirs are owned by the District and two have a perpetual easement dedicated to the District.

Supervisor Sanders went over the monthly O&M Report. No action was taken.

7. **Tri Valley Water District**

John Colbert, Chairman of TVWD, discussed the circumstances this year that led to the less than anticipated/agreed upon transfer of water from OCID to TVWD. Mr. Colbert expressed that aside from their use of transfer water from EID (EID is assigning 400 acre feet of their Class 1 contract to TVWD and that will satisfy approximately half of TVWD's needs. Until that assignment is complete EID is transferring that quantity to TVWD), as a result of the abundant water supply this year the Bureau made available TVWD's CVC allocation in Millerton Lake (210 acre feet). Mr. Colbert and the District Board agreed that better communication from TVWD to the District would have been helpful. The status OCID to TVWD transfers going forward shall be contemplated by the TVWD Board and discussed with the District as necessary.

8. **Electrical Power**

Manager Morrissey discussed the status of FPA Hydro II and financing requirements. The Board requested Manager Morrissey evaluate entering the bond market at this time for cash to cover the expenses of FPA2 and 9d capital repayment, at an amount above and beyond funds presently in reserve.

Manager Morrissey informed the Board that the Ca DF&G has determined their additional need for water flow to the hatchery will be 30 cfs for their planned salmon hatchery. FPA, OCID, BOR and Ca DF&G have a meeting arranged for September 28th to discuss associated logistics and opportunities.

9. **Friant Water Authority**

The Board discussed Friant Water Authority issues. Directors Brown and Miller requested that FWA General Manager Ronald Jacobsma formally respond to the Board relative to the water quality concerns expressed in the August 2011 letter to the Friant Water Authority.

Manager Morrissey informed the Board that at the request of Chairman Bailey, he would accompany FWA representatives (Ronald Jacobsma (FWA GM), Jennifer Buckman (FWA Staff Counsel) and MID Director Carl Janzen) to Washington D.C. for the week of the 18th of September in order to meet with members of the Senate and House and their respective staff on various issues of interest to the District and to the broader Friant membership/southeastern SJV.

Manager Morrissey reviewed FWA's General Membership budget with the Board of Directors. *The Directors requested Manager Morrissey seek clarification from Friant staff on various aspects of the budget (most significantly the method for overhead calculation). The Board granted Chairman Bailey with provisional approval authorization subject to his assessment of the responses.*

10. **Real Property Negotiations**

The Board went into Closed Session at 1:40 P.M. to discuss real property negotiations with Counsel Sawyers.

11. **Return to Open Session**

The Board returned to Open Session at 2:00 P.M. with no reportable action.

12. Certificates of Sale/Property Liens

Controller Ramirez provided the Board with a list of properties for which a Certificate of Sale /Property Lien will be pursued based on delinquent Standby billings. The total dollar amount owed on 20 delinquent properties is \$19,244.56 as of the date of the Board

13. Liability Insurance

Controller Ramirez provided the Board with the five year history of premiums for liability insurance. The 2011 proposal is lower than premiums paid during any year since 2006 and amounts to \$17,831.

Details of the premium breakdown from the most competitive agent (Turner & Associates Insurance Agency) was provided to the Board. *Director Miller suggested comprehensive and collision coverage be removed from the 1992 Flatbed truck. Director Collin III asked Manager Morrissey to consult Counsel Sawyers as to the adequacy of the limits of coverage detailed on page 5 of the proposal.*

Director Brown inquired as to whether or not Directors were covered on their way to meetings / official business of the District.

Following review of the proposal for coverage and premium, Director Collin motioned to approve the proposal. Director Brown seconded the motion and the Board voted unanimously in favor of executing the liability insurance proposal.

14. Draft Budget

Controller Ramirez expressed that the Draft 2012 Budget was not in complete enough form for Board review. *The Draft 2012 Budget will be discussed at the upcoming Board meeting in October.*

15. Water Education Foundation Membership

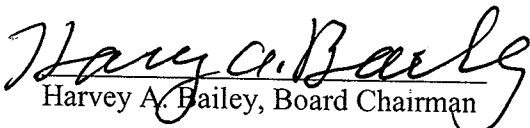
The Board did not take action to provide financial support to the WEF. No action taken.

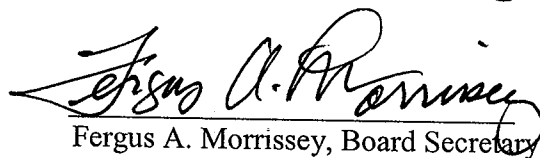
16. Long Term ILRP

Manager Morrissey discussed the status of the State Water Resources Control Board Long Term Irrigated Lands Regulatory Program. No action was taken.

17. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:52 P.M.. The next Board meeting was scheduled for Wednesday October 12th at 11:30 A.M. in the office of the District.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, October 12, 2011. The Meeting was called to order at 11:41 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
 H.A. "Gus" Collin III, Vice Chairman
 David Brown
 Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary

Others: Robert T. Ramirez, Controller / Treasurer
 John Sanders, Field Operations Supervisor

NOTE: Director Katayama was absent.
 Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for October 2011 was called to order by President Bailey at 11:41 A.M.

2. Additions to and approval of the Agenda.

Director Brown motioned to approve the agenda as provided. Director Miller seconded the motion and the Board voted unanimously in favor of approving the agenda.

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the September 2011 Regular Board Meeting. Director Miller motioned to accept the minutes as provided in the Board packet/via email. Director Brown seconded the motion and the Board voted unanimously in favor of accepting the September 2011 minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants totaling \$417,816.28 to be approved for the period September 15 to October 12, 2011.

Controller Ramirez noted several atypical expenditures including \$5,022.19 for a VFD for System 11 pumping plant, \$17,831.00 to Turner and Associates for liability insurance for 2011/2012 (October -October), \$33,443.79 to FWA for FY2012 first installment and \$935.33 to FWA for Friant Waterline, a publication that goes to all District landowners. After general discussion Director Miller motioned and Director Collin III seconded the motion to pay the bills as presented. The Board voted unanimously in favor of paying the bills.

6. Monthly Report.

Controller Ramirez noted 17 Standby delinquencies due for the year 2011 ending September 30, total \$19,083.01 compared to \$19,904.43 from last month's 2011 total. It was noted that a handful (five) of the delinquent properties have been foreclosed upon, representing approximately \$7,000 of the total \$41,261.80 outstanding payments due going back to 2006.

Controller Ramirez noted 21 delinquent water users, noting those whose deliveries are locked and those who have paid recently. As of 10/12/2011 a total of \$16,257.62 is due compared to September 30 delinquencies of \$33,164.09.

Controller Ramirez noted that KRSR Power Plant did not generate income due to high flows in the FKC during May, June and July. At this point, gross revenue is approximately \$81k through August, and with only September left in the fiscal year (CHI) it appears likely the District will receive no royalty this year. No action was taken.

Controller Ramirez indicated the FWR power plant is maintaining production at normal rates. No action was taken.

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Controller Ramirez reported on the LAIF balance, Capital Repayment Reserve Fund and the Rate Covenant Fund. No action was taken by the Board. LAIF rate of return is up slightly from last month's all time low of 0.381% annually and is presently 0.408% on an annual basis.

Based on expected usage for the remainder of the contract year, it appears that the District will have the opportunity to reschedule approximately 5,000 af. No action was taken.

Supervisor Sanders went over the monthly O&M Report. No action was taken.

7. Recess – Board of Equalization

The Board went into recess for the BOE meeting at 12:00 noon. No landowners appeared to discuss assessment roll. It was noted that there were no changes from last year aside from two minor adjustments which netted an increase in District acreage of 1.6 acres. Director Collin motioned to accept the 2011 BOE Assessment Book and Director Brown seconded his motion. The Board voted unanimously in favor of the motion and second.

8. Return to Regular Board Meeting

The Board returned to its regular agenda at 12:10 P.M.

9. Electrical Power

Manager Morrissey discussed the status of FPA Hydro II which is presently plagued by numerous uncertainties related to project revenue and cost. FPA is making every effort to address the uncertainties in a timely manner. It does not appear that financing of the project will be required until late in the first quarter of next year and it is hoped that many of the questions will be resolved by that time. URS is working on a project feasibility analysis considering the uncertainties at this time.

As far as FWR and KRSH, it appears that FWR may produce an all time high gross revenue while KRSH will render next to nothing in terms of revenue to the District.

10. 2012 Draft Budget

The Board discussed the draft 2012 budget. After much discussion, the Board directed Manager Morrissey to research additional financing options (in addition to a 10 year bond) to evaluate at the November Board meeting at which time the Draft Budget would be finalized.

11. Real Property Negotiations

The Board did not go into Closed Session as there were no issues to discuss necessitating legal counsel. The Board agreed to have two Directors make the trip up to Red Bluff to discuss with LMMWC issues associated with the District's water right in the LMMWC service area. Manager Morrissey will discuss with LMMWC's GM as to their Board's inclination to discuss and solicit the participation of two District Directors as warranted.

12. Open Session – NA

13. Bond Consideration

The Board evaluated pursuing a bond to ensure adequate finances are available as needed for FPA II and 9d Repayment. Board directed Manager Morrissey to evaluate other options for consideration next month. No action taken.

14. Liability Insurance

The Board discussed the limits of liability coverage and made the determination, based on input from legal counsel, that the coverage limits in the District's policy are appropriate.

15. Friant Water Authority

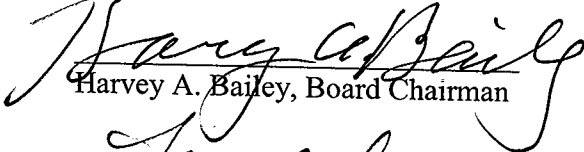
The Board discussed Friant Water Authority issues including the letter received from GM Jacobsma regarding implementation of copper sulfate / algae control program undertaken by FWA.

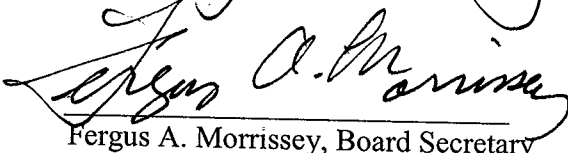
Also discussed was the FWA Board action to support Senate version of the appropriations bill which accelerates the funding available for the SJRRP without further Congressional appropriations in a manner consistent with the intent of the SJR Settlement.

Manager Morrissey discussed his trip to Washington DC with FWA representatives. No action was taken.

16. **Adjourn**

With no further business to discuss, the Board of Directors meeting was adjourned at 3:43 P.M.. The next Board meeting was scheduled for Wednesday November 9th at 11:30 A.M. in the office of the District.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

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Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, December 8, 2010. The Meeting was called to order at 11:36 A.M., with the following Directors and Officers present:

- Directors: Harvey A. Bailey, President
H.A. "Gus" Collin III, Vice President
David Brown
Russell Katayama
Arlen Miller
- Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer
Gary W. Sawyers, District Counsel (via teleconference)
- Public: None

NOTE: Meeting Action Items are noted in bold italicized font.

1. Call to order.

The regular Board of Directors meeting for December 2010 was called to order by President Bailey at 11:36 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey indicated that the Closed Session discussion with legal counsel Sawyers would begin around 11:40. Director Miller motioned to approve the agenda as presented. Director Katayama seconded the motion and the Board voted unanimously in favor of approving the agenda as provided.

3. Public Comments.

No Public was present at the meeting.

4. Approval of the Minutes.

The Board considered for approval draft minutes from three November meetings, including the regular meeting held on the 10th, a special meeting held on the 19th and a special meeting held on the 30th. Director Miller motioned to accept those three sets of minutes as provided in the Board packet. Director Katayama seconded the motion and the Board voted unanimously in favor of accepting the set of three meeting minutes.

5. Approval of Bills.

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$383,136.60 from November 11 of December 08, 2010. Various atypical / non-recurring payments, such as payment of \$14,531.00 to World Class Painting, Incorporated for the FWR Aeration tower painting project, were noted to the Board of Directors. After some general discussion Director Miller motioned to pay the bills as presented. Director Katayama seconded the motion and the Directors voted unanimously in favor of paying the bills as presented by Controller Ramirez.

6. Monthly Report.

Controller Ramirez noted Standby delinquencies dropped by \$4,401.20 since the prior report. Total Standby delinquencies of \$23,824.09 remain uncollected compared to \$19,484.96 at the same time last year.

Controller Ramirez noted several delinquent water users who paid their balance and others whose delivery meters have been locked.

Controller Ramirez noted payment of \$300.00 to the State Board of Equalization for LAFCO Notification Fee associated with the District's ongoing reorganization efforts.

Controller Ramirez noted that 542 acre feet of water was delivered, according to Bureau's Canal side meters, in the month of November. This usage is generally typical for the November period. It was again noted that the District is in the position to carryover between 8 and 11 thousand acre feet for the 2011 Contract Year to protect

against drought that has an enhanced likelihood given that meteorological conditions have developed (La Nina) the effects of which would be compounded by water supply lost as a result of the San Joaquin River Restoration Settlement Act. Even in a dry year condition, the District will be in a very good position to have an adequate water supply given this carryover quantity.

Supervisor Sanders noted that the variation between the Friant Water Authority's canal-side meter readings and the District's individual propeller meter readings seems to have been corrected as a result of the feedback from the District to the Authority on apparent errors with their metering. The District's operational staff, as always, will continue to keep close tabs on the Authority's water delivery numbers, to ensure that they are in close agreement with the District's meter readings. Year to date, the Bureau's (FWA read) canal side meters are 1.1% above the District's meter readings illustrating that a high degree of precision has been achieved in this effort.

Controller Ramirez noted the performance of the KRSH power plant in October generated approximately \$19,500 which while on the historical higher side is slightly below last year's pace. It was noted that the Fishwater Release power plant is performing similar to historical operations, somewhat lagging last year's exceptional generation. Controller Ramirez noted the LAIF balance is \$2,189,627.95 and is generating an annual rate return of 0.480%. It was noted that the Capital Repayment Fund balance is \$5,799,535 and the Rate Covenant Fund balance is \$376,688 with a total of \$11,185 interest accrued to date since January 1, 2010.

Supervisor Sanders summarized the Operations and Maintenance activities and his prepared report noting work conducted during the preceding month. Completion of paintwork on the aeration towers at the FWR tailrace outfall was noted, as were drainage and grade improvements undertaken in the District yard.

The Board was informed of the Mid Pacific Water Users Conference the last week in January of 2011. Directors Bailey, Collin III, Brown and Katayama expressed at least tentative interest in attending and provisional reservations will be made for the four of them for the conference and hotel accommodations.

Manager Morrissey asked the Board for input relative to support for landowner's introduction of non-project water into the District's infrastructure for delivery to lands in the District and potentially to lands immediately adjacent thereto. ***The Board instructed Manager Morrissey to develop a draft policy for introduction of non-project water from a landowner's property that the Board can consider at a future Board Meeting. The policy would define acceptable conditions and parameters for the District's sanctioning this activity.***

Manager Morrissey discussed the 2011 water year program between the District and TVWD. The Board was in agreement that repeating last year's program (\$100 premium on transfer water to TVWD provided District's net allocation (after SJR Restoration flows) was > 34,000 af) was a good idea and approved its implementation. ***Manager Morrissey will contact TVWD and offer the transfer proposal for the 2011 Contract Year.***

7. Draft Rules and Regulations.

The 2011 Draft Rules and Regulations were reviewed by the Board. Water application due date was changes as the indicated date is a holiday. It was also clarified in Section 9 that water would not be delivered to lands subject to RRA requirements unless completed forms have been submitted and received by Reclamation.

8. Health Benefit Plan Issues.

Controller Ramirez reviewed the health insurance premium increases taking effect in 2011 through its ACWA coverage. Individual employee rates (for medical, dental and vision coverage) are to increase by 11.81% from the current \$553.53 to \$611.12 (457.59 increase per month). The increase in premium for this coverage, being a general benefit offered to District employees, if approved would be absorbed by the District. Dependent care coverage will increase from \$710.05 to \$789.53. Because the District benefit covers up to \$500 per month per employee, this increase has no financial impact on the District as it is absorbed entirely by the employee with dependent care coverage.

The Board expressed their concern that this benefit was lost to, or taken for granted by, employees during the consideration of annual salary increases. Director Collin III requested that Controller Ramirez begin to track this annual increase in benefit so that it could be readily included in the metric implemented to determine annual salary increases.

Director Katayama motioned that the District absorb the incremental \$57.59 for employee medical coverage provided that this benefit be tracked and considered in annual salary adjustments for District employees. Director Miller seconded the motion and the Board voted unanimously in favor of this process and the increased benefit provided to District employees.

9. Section 125 Plan.

Controller Ramirez explained to the Board that passage of the *Affordable Health Care for America Act* increased the limit for voluntary salary reductions for medical expenses from \$2,000 to \$2,500. Director Collin III motioned that the District permit employees to deduct from their salaries up to the new \$2,500 limit. Director Miller seconded the motion. The Board voted unanimously in favor to allow employees to deduct up to the maximum allowed by law recognizing that this could harm the District if an employee was reimbursed an amount greater than they had deducted from their paychecks up to that point in time, then quit.

10. Recycled Water

Manager Morrissey reviewed with the Board, a draft agreement for use of the City of Orange Cove's recycled water. The Board considered the draft agreement prepared by Manager Morrissey with the assistance of Counsel Sawyers an appropriate document to advance to the City for their consideration and further development. *Manager Morrissey will advance this draft agreement to the City.*

11. Electrical Power

Manager Morrissey reviewed power plant operations and Friant Power Authority II development. The Board took no action on this topic.

12. Closed Session.

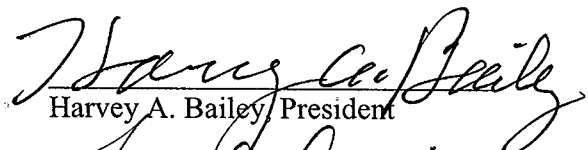
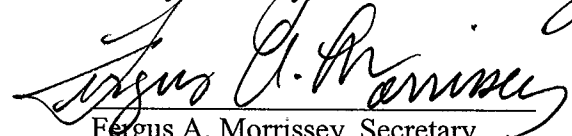
The Board of Directors went into Closed Session at 11:40 A.M. to discuss real property negotiations with District Counsel.

13. Open Session.

The Board returned to open session at 12:00 noting that the Board took action to confer the delegation of authority to negotiate a sale agreement for the Mill Creek water right held by the District with the interested buyer, namely Napa Redevelopment Partners to a team consisting of Counsel Sawyers, Manager Morrissey, President Bailey and Vice President Collin III on the District's behalf.

14. Adjournment.

With no further business to discuss, the Board of Directors meeting was adjourned at 2:25 P.M. with the next scheduled meeting to occur on Wednesday January 12, 2011 at 11:30 A.M.


Harvey A. Bailey, President

Fergus A. Morrissey, Secretary

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Minutes of the Special Meeting of the Board of Directors of the Orange Cove Irrigation District held on Monday, December 19, 2011. The Meeting was called to order at 11:00 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
 H.A. "Gus" Collin III, Vice Chairman
 David Brown
 Russell Katayama
 Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary

Others: Robert T. Ramirez, Controller / Treasurer

NOTE: *Meeting Action Items are noted in bold italicized font.*

1. **Call to order.**

The special Board of Directors meeting was called to order by President Bailey at 11:00 A.M.

2. **Additions to and approval of the Agenda.**

No additions or modifications of the agenda were suggested. Director Brown motioned to approve the agenda and Director Katayama seconded the motion to approve the agenda. The **Board voted unanimously in favor of approving the agenda.**

3. **Public Comments.**

No Public comments were made.

4. **9d Repayment Financing**

Manager Morrissey discussed with the Board the terms of the offer for capital with Holman Capital Investments. Manager Morrissey then discussed the terms of a perceived/predicted arrangement through the perspective and subsequent use of Stern Brothers & Company.

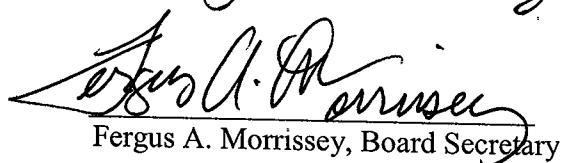
The Board, by conference call, provided opportunities to both entities, first Holman Capital Investments followed by Stern Brothers & Company to discuss their individual perspectives on terms / potential terms and timelines, respectively and for them to address questions from the District.

Following the conference calls and after significant discussion among the Board members and staff, Director Katayama motioned and Vice Chairman Collin III seconded the motion to pursue the contemplated financing arrangements for a portion of the lump sum payment of the District's capital obligation using the services of Stern Brothers & Associates.

5. **Adjourn**

With no further business to discuss, the Board of Directors meeting was adjourned at 1:02 P.M. with the next regular Board meeting scheduled for January 11, 2012 at 11:30 P.M. in the office of the District.


 Harvey A. Bailey, Board Chairman


 Fergus A. Morrissey, Board Secretary

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