

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 9, 2002. The Meeting was called to order at 11:38 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
Harvey A. Bailey
Henry A. Collin, III
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for November and December Board of Directors meeting. Director Brown offered a motion to approve both sets of minutes as prepared. The motion was seconded by Director Bailey and unanimously approved by the Board.

Bills totaling \$197,195.23 were then discussed. After discussion, Director Orlopp offered a motion to approve the bills. The motion was seconded by Director Collin and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District, the estimate water available for carryover and other related activities of the Accounting Department. Manager Chandler then discussed the meeting schedule for year 2002 and reported on water supply studies for the San Joaquin River Restoration Program. Director Bailey reported on activities of the Friant Water Users Authority and CVPWA. Other related issues were discussed.

Under Electric Power, Reports were given on activities of the Friant Power Authority and discussion held regarding distribution of revenues from the Authority. After discussion, the Board directed staff to evaluate the need to replenish District reserves, credit to water, credit to land or some combination thereof. Staff is to report on the evaluation at the next regular Board meeting.

A discussion was then held regarding the PG&E bankruptcy and whether the District should attempt to counter offers to buy the PG&E debt from the District. After discussion, staff was directed to pursue efforts to sell the debt at or near 95 percent of its present value.

The District's Peak Load Reduction Program was then discussed. The District had received \$90,000.00 for the first one-half payment toward the program. Manager Chandler asked for authorization to make distribution to the participants for one-half of their participation share. After discussion, Director Collin offered a motion to approve the distribution. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Discussion continued regarding other opportunities to participate in the CEC load reduction program. The results of two reservoir site evaluations were then discussed including cost estimates and CEC credits. Both projects yielded a very low ratio of credit to cost yet there may be opportunities to enhance the ratio. The Board directed staff to further the analysis before a decision is made to pursue these projects. Distributed generation and other related issues were also discussed.

A discussion was then held regarding the Friant 2 Hydro unit. Efforts continue to resolve the water rights protest by National Marine Fishery Service. Reports were also given on the feasibility analysis which were quite favorable but dependent on flow releases for the San Joaquin River restoration program. After discussion, the Board directed staff to continue efforts for the project by evaluating marketing opportunities and initiate a preliminary application for a FERC license.

Under AFRP Project, Manager Chandler reported that a meeting is scheduled for January 22nd with USBR & USFWS to seek final approval to go forward with the project with their financial support.

Under City of Orange Cove Property Annexation, representatives of the City and Kings Canyon Unified School District appeared before the Board to discuss the proposed annexation and address District concerns about water supply. The City is currently working with Lower Tule River Irrigation District on an agreement to supply water to the City. The current draft of the agreement does not guarantee water to the City, which is a concerning issue for OCID and the basis for OCID's protest on the annexation. After discussion, the City agreed to pursue an agreement that does guarantee water, which would then be brought again before the OCID Board for continued discussion.

A status report was then given on the OCID Boundary Change. No further activities had taken place since the District is still evaluating options to the Peak Load Reduction Program that could bring additional land into the District.

Under Fire Hydrants, a discussion was held to consider whether the District should make some effort to provide access to water for fire protection. After discussion, the Board elected not to provide access on the District facility since there is plenty of opportunity for fire protection water beyond the District delivery provided the facility is charged.

Under Meter Upsizing, a discussion was held to consider whether to give credit for an existing meter when a size upgrade is justified for a landowner. Since the current owner of land had a choice in meter sizing when the distribution system was installed and the District had little use for more meters, the Board elected to not give any credit for meter replacement.

A discussion was then held to consider continued participation in the Central Valley Project Water Association. After discussion, Director Orlopp offered a motion to approve the dues. The motion was seconded by Director Collin and unanimously approved by the Board.

Discussions were then held to consider participation in the Family Water Alliance, California Farm Water Coalition and the California Foundation for Agriculture in the Classroom. After discussion, the Board recognized the importance of the organizations but elected to not participate due to budget constraints.

With no further business to discuss, the Regular Board meeting was adjourned at 3:43PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, February 13, 2002. The Meeting was called to order at 11:48 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
Harvey A. Bailey
Henry A. Collin, III
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the January Board of Directors meeting. Director Orlopp offered a motion to approve both sets of minutes as prepared. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$109,310.53 were then discussed. After discussion, Director Collin offered a motion to approve the bills. The motion was seconded by Director Bailey and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District, the estimate water available for carryover and other related activities of the Accounting Department. Manager Chandler then reported on the possible water shortage for 2002 Water Year based on recent USBR reports, the need to retain the OCID carryover, the Wanger decision on b(2) water, the Klamath ESA evaluation by the National Academy of Science. Director Bailey reported on CVPWA and FWUA issues and President McFarlin reported on the Water Users Conference held in Reno. Other related issues were discussed.

Under Electric Power, Reports were given on activities of the Friant Power Authority and discussion continued regarding distribution of revenues from the Authority. The Supplemental Agreement with PG&E was then discussed. The agreement set the terms and conditions for PG&E to pay OCID the full amount plus interest for power generation before the utilities bankruptcy filing. After discussion, Director Brown offered a motion to approve the agreement. The motion was seconded by Director Collin and unanimously approved by the Board.

The District's Peak Load Reduction Program was then discussed. Manager Chandler reported that the District was not able to get an agreement with the Archer property owners to construct a reservoir, which was the last option for System 5A/6. Hyde Ranches is receptive for the District to build a reservoir on their property for System 13. The revised cost and benefits were then discussed and the Board directed staff to pursue the project with CEC incentive support. Friant Hydro Unit II and other related issues were also discussed.

Under AFRP Project, President McFarlin and Manager Chandler reported on the brief meeting with Kirk Rodgers at the Water Users Conference regarding concerns Congressman Ose had with the water acquisition program. The District does not expect any more information on the project until the Bureau and the Service hold their meeting March 8, 2002.

Under City of Orange Cove Property Annexation, a draft water transfer agreement was delivered to the District during the Board meeting. In that staff and Counsel did not have an opportunity to review before the meeting, Director Collin offered a motion to table the item to the next regularly scheduled Board meeting. The motion was seconded by Director Bailey and unanimously approved by the Board.

A status report was then given on the OCID Boundary Change. No further activities had taken place since the District is still evaluating options to the Peak Load Reduction Program that could bring additional land into the District.

Controller Ramirez then reported on the District's Real World accounting software. Great Plains Business Solutions purchased the Real World software some years back and now have notified the District that they will not maintain technical support for the program after March 31, 2003. The District will evaluate options for new software and report back to the Board before the technical support is terminated.

A discussion was then held regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. Several items were discussed including distributed generation, electrical distribution and in lieu water banking in systems 2 & 9. None of the items appear to have the benefits comparable to a Mill Creek project or a second generating plant at Friant Dam but are worthy of additional analysis. The Board agreed that staff should continue to evaluate these and other items to reduce landowner cost.

Surplus equipment was then discussed. The District has two pickups and road grader that are surplus to their needs and a boom truck, which can not be certified. The Board directed staff to place the pickups and road grader for sale to the highest bidder and investigate options to decommission or scrap the boom truck. Minimum bids of \$1000 for the Chevrolet pickup, \$1350 for the Ford pickup and \$5000 for the road grader were recommended.

With no further business to discuss, the Regular Board meeting was adjourned at 3:43PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, March 14, 2002. The Meeting was called to order at 11:52 A.M., with the following Directors and Officers present:

Directors:	James O. Orlopp, Vice President Harvey A. Bailey David A. Brown
Officers:	James C. Chandler Engineer-Manager-Secretary Robert T. Ramirez, Controller/Treasurer
Absent:	Richard D. McFarlin, President Henry A. Collin

Chairman Orlopp asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

Chairman Orlopp then asked if there were any errors or omissions to the minutes for the February Board of Directors meeting. Director Bailey offered a motion to approve both sets of minutes as prepared. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$462,150.01 were then discussed. After discussion, Director Brown offered a motion to approve the bills. The motion was seconded by Director Bailey and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District, the estimate water available for carryover, on-time and late water purchases and other related activities of the Accounting Department. Manager Chandler then discussed the possibility of making water available for late purchasers since the amount of on-time purchases equaled the current declaration of 75 percent. After discussion, the Board authorized staff to offer carryover water to late purchasers provided they are willing to purchase from the carryover supply, pay the late purchase penalty and the carryover cost but, with the understanding that the water remained "Subject to Availability" due to the uncertainty in the 75 percent declaration. Operational issues of Hills Valley ID were then discussed. Of concern was the request for OCID to provide more time operating the HVID systems and the unwillingness the HVID Board of Directors to automate their systems comparable to the OCID systems. After discussion, the Board directed staff to prepare a written document to the HVID Board addressing the labor versus automation issues. Manager Chandler then reported on other activities of the District and Director Bailey reported on activities of the FWUA, CVPWA and the annual meeting of the Family Farm Alliance.

Under Electric Power, Reports were given on activities of the Friant Power Authority and discussion continued regarding distribution of revenues from the Authority. There was not a quorum at the February Board meeting so a discussion was held on getting better attendance. Income from generation and back payment from PG&E was reported for the Fishwater Release Hydro. The Peak Load Reduction Program was discussed including an environmental assessment for System 13 reservoir. A Negative Declaration was proposed subject to a biological review for presence of the Tiger Salamander. After discussion, Director Brown offered a motion to file a notice of intent to do a Negative Declaration. The motion was seconded by Director Bailey and unanimously approved by the Board. Status reports were given on the Friant II Hydro and Distributed Generation.

Under AFRP Project, Manager Chandler reported that there was not much information released from the meeting between USBR and USFWS regarding the Mill Creek proposal. Kirk Rodgers had asked for another meeting with Manager Chandler, Dan Faults and himself for further discussion.

Under City of Orange Cove Property Annexation, a discussion was held regarding the draft agreement between the City of Orange Cove and Lower Tule River Irrigation District and Counsel Sexton's recommendation for a contract between the City and OCID to get as much protection as possible against groundwater pumping by the City. After discussion, Director Brown offered a motion for Counsel to draft an agreement that the District would support the agreement between the City and LTRID provided the City would give OCID assurances that it would develop any additional groundwater wells and continue to seek a permanent supply of water to meet future development. The motion was seconded by Director Bailey and unanimously approved by the Board.

Under Friant Water Users Authority Issues, discussions were held regarding the City of Fresno becoming a general member of the Authority, O&M cost, a water quality MOU for valley interest to consolidate representation and, water for the San Joaquin River experiment. After discussion, the Board agreed there was advantages to having the City of Fresno as a member of the Authority, consolidate efforts of Valley interest on water quality issues and, that water for SJR experiment not compete with water users for the Friant water supply.

Under Director Compensation, Controller Ramirez reported on the latest IRS Tax Law rulings and regulations regarding appointed or elected members serving on a board of directors of a public agency. The Internal Revenue Service includes in its definition of employee an elected official of any state political subdivision thereof. These Tax Code rulings conflict with California Labor Codes 3352 and 3363 which do not consider Directors as employees of a Public Agency. California Labor Laws periodically conflict with Internal Revenue Service Rulings. Controller Ramirez reported that IRS Forms 1099 reporting payments to Directors as non-employee compensation are currently being filed with the taxing authorities. The Payroll tax liability exposure to the District is less than the workers compensation premium savings. Generally, the key to most tests of employee status is the right of control test-whether the District has the right to control the Directors' actions, or does the Director have the right to control the District's actions. After discussion, Director Brown offered a motion to continue to treat Directors' payments as non-employee compensation for IRS and workers' compensation purposes. The motion was seconded by Director Bailey and unanimously approved by the Board.

A discussion was then held in consideration of adopting a resolution to approve an amendment to the OCID Retirement Plan. The amendment was to bring the OCID plan in compliance with recent changes in the IRS Code. After discussion, Director Bailey offered a motion to approve the amendment. The motion was seconded by Director Brown and unanimously approved by the Board.

A discussion was then held regarding lands requesting inclusion into OCID for the purpose of developing policy for future annexations. Several issues were discussed including back assessments, payment for new water distribution system and capital improvements necessary to serve new property brought into the District. With guidance received, a policy resolution will be developed and brought before the Board for final approval.

Discussion then continued regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. There was not a lot of progress to report but staff was continuing to evaluate distributed generation and in lieu water banking.

A discussion was then held in consideration of continuing membership in the Agricultural Energy Consumers Association. After discussion, Director Brown offered a motion to approve the membership, which was at a cost of \$500 per year. The motion was seconded by Director Bailey and unanimously approved by the Board.

A discussion was then held to consider Roger Galleano from Madera Irrigation District for the Executive Committee of ACWA/JPIA. After discussion, Director Bailey offered a motion to support Mr. Galleano for the position. The motion was seconded by Director Brown and unanimously approved by the Board.

Bids for surplus equipment were then opened and awarded as follows:

<u>Item</u>	<u>Min. Bid</u>	<u>High Bid</u>
1986 Chevrolet PU	\$1000	\$ 1026
1987 Ford Ranger PU	\$1350	\$ 1530

The units were approved for sale on a motion by Director Brown, seconded by Director Bailey.

With no further business to discuss, the Regular Board meeting was adjourned at 3:40PM.

James O. Orlopp, Vice President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, April 10, 2002. The Meeting was called to order at 11:37 A.M., with the following Directors and Officers present:

Directors:	Richard D. McFarlin, President James O. Orlopp, Vice President David A. Brown
Officers:	James C. Chandler Engineer-Manager-Secretary
Others:	Harvey Williams, Consultant Serge Birk, CVPWA Randy McFarland
Absent:	Henry A. Collin, III Harvey A. Bailey Robert T. Ramirez, Controller/Treasurer

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the March Board of Directors meeting. Director Orlopp offered a motion to approve the minutes as prepared. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$278,863.78 were then discussed. After discussion, Director Brown offered a motion to approve the bills. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez' report on the financial standing of the District and other related activities of the Accounting Department was reviewed with the Board. Manager Chandler then reported that the 2002 water declaration had been increased to 100 percent Class I but remained cautiously optimistic that the full 100 percent would be produced by the watershed in the form of runoff. The 2002 scheduled activities and other related issues were reported on.

Under Late Water Orders, a discussion was held to address letters requesting removal of penalties for late purchases. Also discussed was the issues of carryover fees being applied to late purchases now that the declaration had been increased to 100 percent Class I. After discussion, Director Orlopp offered a motion to remove the carryover fees but not the penalty for late purchases. The motion was seconded by Director Brown and unanimously approved by the Board.

Under Electric Power, Reports were given on activities of the Friant Power Authority and who could serve as alternate directors for the Authority Board. Of particular concern was whether district managers should be permitted to serve as alternates. Also discussed was whether the power plant or some portion of the plant should be named after John Boudreau in recognition for his work for the Authority. The OCID Board had no problem with having managers serve as alternate directors for the Authority or naming some portion of the power plant after John Boudreau. The Peak Load Reduction Program was then discussed including possible difficulty in getting the environmental assessment work approved in a timely manner for System 13 reservoir. Other reports were given on the Friant II Hydro, Distributed Generation and revenue from the Fishwater Hydro.

Under AFRP Project, Manager Chandler and Consultant Harvey Williams reported on the latest meeting with Kirk Rodgers. The meeting was to have been a follow up from a meeting between Kirk Rodgers and Wayne White. As reported by Kirk, Wayne White did not attend the meeting. Instead, staff from USBR and USFWS briefed Kirk on the hydrologic benefits of returning 7.5 percent water to Mill Creek, which was totally out of context from the OCID plan. It was very evident that Kirk had been thoroughly convinced by staff from both USBR and USFWS that the project had no merit. Kirk further stated that the Bureau was going to make OCID an offer to purchase the water rights the District had purchased from individuals which is contradictory to his comment that the water rights did not benefit the fishery on Mill Creek. Serge Birk further explained some of the activities of CVPIA and Calfed and how well the OCID proposal fit those activities but USFWS, in particular, subjected this project to criteria that no other project is being subjected to. After further discussion, the Board agreed that the project needed to be taken to the Washington DC level and directed staff to start preparing documents to support the OCID position.

Under Friant Water Users Authority Issues, discussions were again held regarding the City of Fresno becoming a general member of the Authority, the “global settlement agreement”, a water quality MOU for valley interest to consolidate representation and water for the San Joaquin River experiment. After discussion, the Board still favored having the City of Fresno as a member of the Authority, consolidate efforts of Valley interest on water quality issues, water for SJR experiment should not compete with water users for the Friant water supply and support the global settlement agreement if Friant could get the type of protection it needed from westside challenges.

Discussion continued regarding lands to annex into OCID with the intent of developing a policy resolution. An issue not discussed at the March Board meeting was how to treat lands being detached from the District for cost on the land for distribution system upgrade. After discussion, the consensus of the Board was that the obligation would remain with lands being detached until the annexation of substitute property is finalized.

A discussion was then held regarding termination of the HVID/OCID operations agreement. Manager Chandler informed the Board that he had been instructed verbally to discontinue operations of the Hills Valley ID system. The Hills Valley ID Board wanted more operations time from OCID which would be difficult to provide with current staffing and the Board was unwilling to set up their operations to be compatible with OCID’s system.

Discussion then continued regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. The only progress to report was in the area of distributed generation, which was reported on under Electric Power.

Bids for surplus equipment were then opened. Two bids for the road grader were received and only one, which bid \$5,000, met the minimum bid of \$5,000. Only one bid for the trailer was received which was \$750 with the minimum bid set at \$2,000. The Board discussed the trailer bid further. After discussion, Director Orlopp offered a motion to accept both the bid for the grader and the bid for the trailer. The motion was seconded by Director Brown and unanimously approved.

With no further business to discuss, the Regular Board meeting was adjourned at 3:26PM.

Richard D. McFarlin, Vice President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Friday, May 3, 2002. The Meeting was called to order at 11:37 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
David A. Brown
Henry A. Collin, III
Harvey A. Bailey

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the April Board of Directors meeting. Director Brown offered a motion to approve the minutes as prepared. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Bills totaling \$198,660.90 were then discussed. After discussion, Director Bailey offered a motion to approve the bills. The motion was seconded by Director Collin and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department was reviewed with the Board. Director Bailey reported on activities of the CVPWA

Under District Water, it was reported that the Bureau of Reclamation was holding their Class I water supply declaration at 100 percent. A discussion was then held in consideration of selling to districts requesting purchases and, if so, whether the "Subject to Availability" should be removed from late purchases within the District. After discussion, Director Bailey offered a motion to remove the "Subject to Availability" District water users and authorization for District Manager to sell up to 5,000 acre feet at \$105 per acre foot. District staff is to analyze potential credits to water used in the District for Board consideration at the next regularly scheduled meeting. The motion was seconded by Director Collin and unanimously approved by the Board.

Under Electric Power, Reports were given on activities of the Friant Power Authority, generation at Friant Fishwater Hydro, Peak Load Reduction Program and status of System 13 reservoir. It was also reported that the District's water right application for an additional 100 cfs at Friant Dam had been approved.

Under AFRP Project, Manager Chandler reported on the Bureau's hydrologic analysis of the OCID purchased water which, when reviewed, was out of context from the OCID proposal. Also reported on was the preparation of briefing papers to get to the Secretary's office in an effort to facilitate the process with USBR and USFWS and the next scheduled meeting with Kirk Rodgers.

Under Friant Water Users Authority Issues, Director Bailey and Manager Chandler reported on various activities of the Authority including the Global Settlement Agreement, the MOU for water quality issues monitoring and restoration efforts for the San Joaquin River. Of particular concern are the negotiations with NRDC for river restoration with their unwillingness to permit adequate study time to do a quality water supply study.

A discussion was then held regarding annexation and detachment of property from the District. A draft resolution that addressed the issues was reviewed in consideration of adoption for District policy regarding District boundary reorganization. After discussion, Director Brown offered a motion to adopt the resolution as prepared. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under Hills Valley ID, Manager Chandler informed the Board that the Hills Valley ID Board of Directors had elected to terminate its agreement with OCID for operations of their system. The reason for termination was that they wanted more operations time than could be provided by OCID with only two operators.

Discussion then continued regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. Distributed generation has been the focus of District efforts to date.

Surplus equipment was then discussed. The District had elected to not take bids on the diesel pumping unit and the second rebuilt diesel engine until discussed further with the Board. After discussion, the Board directed staff to offer the equipment for sale by bid with minimum bids set at \$2,000 for the engine and \$4,000 for the pumping unit.

With no further business to discuss, the Regular Board meeting was adjourned at 3:10PM.

Richard D. McFarlin, Vice President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, June 12, 2002. The Meeting was called to order at 11:42 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
David A. Brown
Henry A. Collin, III
Harvey A. Bailey

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

Others: Harvey Williams, Engineering Consultant
Dan Fults, Manager, FWUA
Gary Sawyers, Attorney
Randy McFarland, Communications Consultant
Jon Chessum, Baker, Peterson & Franklin

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the May Board of Directors meeting. Director Orlopp offered a motion to approve the minutes as prepared. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$552,395.56 were then discussed. After discussion, Director Bailey offered a motion to approve the bills. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under Public Input, Roger Norton appeared before the Board complaining about issues that were supposedly resolved in the past. In particular, Mr. Norton asked the Board when they were going to compensate him for theft and vandalism. When questioned, Mr. Norton referred to damage to some old equipment in a "junk" pile adjacent to the area the District installed a new pipeline and the easement for the pipeline. Director Brown reminded Mr. Norton that he agreed to drop the dispute if he (Director Brown) would personally come to his property and fix certain items. That was done to the satisfaction of Mr. Norton. District staff offered to research District files to see if there was any written resolution to Mr. Norton's issues.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department were reviewed with the Board. Manager Chandler reported on the water supply declaration, Friant storage and the OCID supply. Director Bailey reported on activities of the FWUA, CVPWA and Family Farm Alliance. Other water related issues were also discussed.

Under the 2001 Audit Report, Mr. Jon Chessum appeared before the Board and gave a detail review of the 2001 audit and discussed changes in the standards by which the audit would have to comply with in the near future. In summary, Mr. Chessum reported that the District's financial standing was healthy (better than 2000) even after paying off the Friant Power Authority debt and that no material defects were found by the audit. After discussion, Director Collin offered a motion to accept the audit report. The motion was seconded by Director Brown and unanimously approved by the Board.

Under District Water, Manager Chandler reported that the District had requests to purchase an additional 1750 acre-feet of water over the 5000 acre-feet previously approved by the Board. The agreed price for the additional sales was \$105/ AF that was the price for the first 5,000 AF. After discussion, Director Collin offered a motion to approve the additional sales. The motion was seconded by Director Brown and unanimously approved by the Board. A discussion was then held on how to reduce water rates or credit water users for the sales of the extra water. The Board directed Controller Ramirez to prepare an analysis to assure that the COP covenant would be maintained if water rates were reduced by crediting water users for sales of the extra water. Also discussed under this item was the USBR CFO Audit reclassification of costs previously capitalized to O & M expense. The District's allocated share of the reclassified costs is \$145,940.17. The District had the option of electing to pay for the costs as expense in FY2001 or have it added to the water rates schedule over the next five years. After discussion, Director Collin offered a motion to elect the retro option that offsets the debt against the FY 2001 O&M Surplus of \$374,449.12 rather than add the costs to future water rates. The motion was seconded by Director Brown and unanimously approved by the Board.

Under Friant Water Users Authority Issues, several issues relative to restoration efforts for the San Joaquin River were discussed. Of particular concern were guidelines developed by the Friant Water User group pertaining to how water is acquired or developed for restoration so as to not effect district supplies. The Board liked the concept for which the guidelines were prepared and agreed to support the position as prepared.

Under Electric Power, Director Brown reported on activities of the Friant Power Authority including the next scheduled Board of Directors meeting wherein the first revenue checks would be distributed to the member district participating in the bond buyout. A discussion was then held on how the distribution of the funds would be made to constituents of the District. The Board directed staff to prepare an analysis on potential revenues and distribution of those revenues to District landowners and water users. A discussion was then held in consideration of having True Pricing, Inc. do a feasibility analysis for the District for alternates to use or generate electric power. There is a potential for three phases depending on how far the District might go toward development of new or alternate sources of power for the District. Each phase would cost \$5,000 but the District commits to only one phase at a time depending on the potential for new or alternate sources. After discussion, Director Collin offered a motion to approve a phase one analysis. The motion was seconded by Director Brown and unanimously approved by the Board. An item for discussion was the addition of natural gas engines to pumping stations 6 and 8 to reduce afternoon cost for moving water. This item was tabled for future discussion, which would probably be more appropriate after the analysis by True Pricing, Inc.

A discussion was then held to consider comments regarding the District proposed filing of a Negative Declaration for the proposed System 13 Reservoir. In the fact that no comments were filed with the District, Director Orlopp offered a motion to adopt and file with the appropriate agencies the Negative Declaration prepared for the project. The motion was seconded by Director Collin and unanimously approved by the Board. Construction of Reservoir 13 was then discussed. After discussion, Director Orlopp offered a motion to approve the project for construction. Director Collin elected to abstain on the construction issue. President McFarlin seconded the motion and vote was taken with Directors Orlopp and McFarlin voted for the project, Director Brown voted against the project. President McFarlin order the project approve on a 2 to 1 vote with Director Collin abstaining from the vote.

Under AFRP Project, Manager Chandler, Gary Sawyers and Dan Fults reported on recent discussions with Assistant Secretary Bennett Raley and his assistant, Jason Peltier. Both support the concept for which this project is offered but stated that Regional Director Kirk Rodgers had problems with the project. If OCID could resolve the problems with Mr. Rodgers, they would support the project. Harvey Williams reported on the Calfed process, who were submitting applications and who were getting funded. Gary Sawyers proposed a scenario of meeting with Kirk Rodgers as soon as possible, briefing our congressmen again and getting them to call Kirk direct to encourage his support for the project. Other items pertinent to this process were discussed. After discussion, the Board agreed to pursue Mr. Sawyer's recommendation.

A discussion was then held pertaining to the City of Orange Cove proposals to annex several parcels of property into the City that are currently within OCID and their proposed changes for treating sewer water. Director Brown abstained from this discussion since the City has proposed purchasing some of his property for disposal of reclaimed water. Several issues exist regarding property annexation into the City including District pipeline relocations, debt repayment obligations on the land for the new pipelines system and detachment from the District. Having met with the City and addressing the District concerns, they agree there are issues that need to be dealt with and have offered to resolve those issues with a new annexation that is currently in the drafting stage. The District is on record as having protested the annexation until the matters are resolved. To provide the District with assurance that the issues will be dealt with, the City has offered to enter into an agreement specifically addressing the issues of concern. After discussion, Director Collin offered a motion to enter agreement wherein the current protest would be withdrawn with execution of the agreement. The motion was seconded by Director Orlopp and approved on a vote of 3 to 0 with Director Brown abstaining from the vote. Jim Bates, a landowner whose property is proposed for annexation into the City also appeared before the Board to address his concerns about his property going into the City and District policy not to serve lands within the City limits. Mr. Bates stated he wanted to continue farming and needed District water to do so. The City wanted to annex property that went beyond Mr. Bates' land but had not been told that the City could annex that property without annexing his property. The Board suggested that he have that discussion with the City or see if the City would provide water service prior to requesting that the District continue service to his property if annexed into the City.

Under Insurance Issues, Controller Ramirez reported that the District had not yet received the workers compensation insurance premium rates from State Fund for the next policy year beginning July 1, 2002. State Fund did notify the District that the Ex-Mod Rate would be increased from 85% to 87% due to a claim filed the previous policy year. Tentative quotes were received from ACWA JPIA and US Fidelity Guarantee. Final quotes would be available June 28, 2002. After discussion,

the Board directed staff to accept the best proposal for the District. Also discussed under this item was the notification from the ACWA Benefits Coordinator that the District's policy of requiring reimbursement from Directors to participate in the health insurance plan may not be in compliance with Blue Cross Health Insurance Plan underwriting guidelines. After discussion, the Board directed staff to present options available to the District at the next Board meeting.

Participation in the ACWA Grant Assistance Program was then discussed. After discussion, the Board elected to not participate in the program.

Discussion then continued regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. Distributed generation has been the focus of District efforts to date but there was nothing new to report under this item.

A discussion was then held to consider financial support for the Water Education Foundation's programs. After discussion, the Board elected to not participate financially.

Under Surplus Equipment Bids, no bids were received for the diesel engines which were the only surplus items the District had asked for bids on at this time.

Under Personnel, a closed session was called at 4:50 PM in accordance to Section 54957.6(a) to discuss employee performance, salaries and benefits. The Board returned to regular session at 5:10 PM and reported the following action taken in the closed session. Director Brown offered a motion to adjust the monthly salaries as follows:

<u>Position</u>	<u>From</u>	<u>To</u>
Controller / Treasurer	\$5290	\$5375
Field OPS Staff	\$3936	\$4000
Accounting Clerk	\$2075	\$2225
Administrative Clerk	\$2075	\$2225
Engineering Tech	\$19.21/Hr.	\$20.00/Hr.

The motion was seconded by Director Orlopp and unanimously approved by the Board.,

With no further business to discuss, the Regular Board meeting was adjourned at 5:15PM.

Richard D. McFarlin, Vice President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, July 10, 2002. The Meeting was called to order at 11:35 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
David A. Brown
Henry A. Collin, III
Harvey A. Bailey

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

Absent: James O. Orlopp, Vice President

President McFarlin asked if there were any changes to the agenda. Manager Chandler requested that two new items be added in that they should be discussed this meeting. Those items were repair of the District's backhoe and financial assistance to Pacific Legal Foundation. On a motion by Director Bailey, second by Director Collin and unanimous vote by the Board, the items were added to the agenda.

President McFarlin then asked if there were any errors or omissions to the minutes for the June Board of Directors meeting. Director Brown offered a motion to approve the minutes as prepared. The motion was seconded by Director Bailey and unanimously approved by the Board.

Bills totaling \$605,104.30 were then discussed. After discussion, Director Brown offered a motion to approve the bills. The motion was seconded by Director Bailey and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department were reviewed with the Board. After discussion, the Board asked Controller Ramirez to investigate and report back to the Board on how long a lien needed to be on property before the District could ask for foreclosure sale. Manager Chandler reported on the water supply declaration, the District's supply, sales, potential surplus and whether additional water should be sold. The Board agreed that additional sales should be made if the opportunities arose. Director Bailey reported on activities of the CVPWA and Family Farm Alliance. Other water related issues were also discussed.

Under District Water, a discussion was held regarding revenues received from Friant Power Authority and water sales and how that money should be distributed to landowners and water users. Controller Ramirez reported on criteria from the COP Document regarding how revenues and expenses are treated to test compliance with the covenant requirement. After discussion, the Board directed staff to inform District constituents that water cost would be reduced by a minimum of \$10 per acre-foot and how the credit would be applied. The Board would then make a final decision at the end of the water year as to the actual amount to credit the water user.

Under Friant Water Users Authority Issues, Director Bailey and Manager Chandler reported on activities of the FWUA and, in particular, asked the Board its opinion on the FWUA Budget. In recognition of all of the issues the water users currently face, the budget was probably necessary but recommended that money not be spent unless absolutely necessary. River restoration and other related issues were also discussed.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including the banquet/Board meeting in which the first revenue checks were distributed to the member districts. A discussion was then held regarding the need to purchase a replacement runner for the Friant Fishwater Release Hydro. Two options were offered. A stainless steel runner for \$32,700 or aluminum bronze runner for \$22,956. Mr. Chandler recommended the stainless steel for durability. After discussion, Director Collin offered a motion to purchase the stainless steel runner. The motion was seconded by Director Brown and unanimously approved by the Board. Reports were also given on the Peak Load Reduction Program and other related issues.

Under AFRP Project, Manager Chandler reported on efforts following the last Board meeting including discussions with Dan Fults and Greg Wang to get the project funded as a line item in the Bureau's budget. The conclusion was that it would delay the process at least a year since the upcoming year's budget had just been approved. Any hopes of getting near future funding would be to get Kirk Rodgers, USBR Regional Director, to support funding the project. A meeting with Kirk Rodgers has been scheduled for July 19th at the OCID office.

A discussion was then held regarding the City of Orange Cove proposals to reduce the level of treatment for reclaimed water. As part of the City's Mitigated Environmental Assessment, the City offers to continue operation of the current plant with treatment to tertiary level if requested by OCID. After discussion, the Board directed Manager Chandler to make a written request to continue the tertiary treatment in compliance with the Regional Water Quality Board's requirements and delivery to OCID as per existing agreement. Also reported on were the District's efforts to get the City to coordinate activities of annexation/detachment of lands between the City and the District.

Under Insurance Issues, Controller Ramirez reported that the District had received workers compensation insurance proposals for the next policy year. The proposal submitted by Turner and Associates was accepted by the District. Also discussed under this item were options available to the District regarding participation in the ACWA Health Benefits Insurance Plan. After discussion, the Board reaffirmed participation in the ACWA Plan in accordance with the Health Benefits Memorandum of Understanding dated December 12, 2001.

Discussion then continued regarding issues the District might consider to cut cost or enhance revenues to reduce cost to landowners. Distributed generation has been the focus of District efforts to date but there was nothing new to report under this item.

Under Surplus Equipment Bids, no bids were received for the diesel engines which were the only surplus items the District had asked for bids on at this time.

Under Family Water Alliance, a discussion was held to consider membership participation. After discussion, the Board elected to not participate.

Funding assistance to Pacific Legal Foundation was then discussed. After discussion, Director Collin offered a motion to fund \$1000. The motion was seconded by Director Bailey and unanimously approved by the Board.

Repair of the District's backhoe was then discussed. Some fairly significant items needed repair including fuel and hydraulic tank leaks. Repairs were estimate to cost approximately \$6,000. Manager Chandler recommended approval for repair up to \$6,000 with staff being given some discretion on items for repair. After discussion, Director Brown offered a motion to approve repairs up to a limit of \$6,000. The motion was seconded by Director Collin and unanimously approved by the Board.

With no further business to discuss, the Regular Board meeting was adjourned at 3:58PM.

Richard D. McFarlin, Vice President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, August 14, 2002. The Meeting was called to order at 11:38 A.M., with the following Directors and Officers present:

Directors:	Richard D. McFarlin, President James O. Orlopp, Vice President Henry A. Collin, III Harvey A. Bailey David A. Brown
Officers:	James C. Chandler Engineer-Manager-Secretary Robert T. Ramirez, Controller/Treasurer
Others:	Harvey Williams, Consultant

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the July Board of Directors meeting. Director Brown offered a motion to approve the minutes as prepared. The motion was seconded by Director Bailey and unanimously approved by the Board.

Bills totaling \$687,285.74 were then discussed. After discussion, Director Bailey offered a motion to approve the bills. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department were reviewed with the Board. Manager Chandler discussed water issues including unsold supply, potential change in carryover policy, sales and pricing in that the District has request to purchase water. After discussion, the Board elected to hold to the current sale price of \$105 per acre-foot. Director Bailey reported on activities of the CVPWA and Family Farm Alliance. Other water related issues were also discussed.

Under Water Service to Adams Property, a discussion was held to consider whether water service should continue to the property since the property is being sold and it is within the City limits. The property also remains within the District boundaries. After discussion, the Board directed Manager Chandler to investigate the Board's authority in the interest of developing policy for handling these issues in a consistent manner.

Under Friant Water Users Authority Issues, Director Bailey and Manager Chandler reported on Friant activities including negotiations with NRDC for River restoration, the time commitment to make progress under the Court Stay and Friant's budget for the for the activities scheduled.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including the latest revenue check in excess of \$87,000. Reports were also given on the District's Peak Load Reduction Program, generation of Fishwater Hydro and the District's effort to amend its FERC license at Friant to add additional generation.

Under AFRP Project, reports were given on the meeting/tour with Kirk Rogers, USBR Regional Director, and, Kirk's position on the OCID Mill Creek Project. Discussion then continued on options for the District to pursue and potential risk associated with some options. After discussion, the Board elected to pursue a lease of the purchased water rights with the Bureau as per Mr. Rodgers recommendation but, do so in a manner that kept all other options open including the potential to do the full project at a later date.

A discussion was then held regarding the District water accounting software. There is risk of maintaining the current software since there is only one individual that maintains it. Options for other programs are quite limited and costly. There is, however, opportunity to get funding for the purchase from the Bureau's water conservation program, which could significantly reduce District cost. After discussion, the Board directed staff to continue its evaluation of options including funding from the Bureau.

Under Property Liens and Foreclosure, Controller Ramirez reported to the Board the District's procedures to collect unpaid delinquent rehab standby charges. After discussion, the Board directed staff to review the procedures for assessment sales to the District. The Board requested that assessment sales of lands with unpaid or delinquent rehab standby charges since 1998-1999 be initiated, and that Certificates of Lien continue to be recorded with the appropriate County Recorder for current year unpaid delinquent rehab standby charges.

The draft 2003 Budget was then presented to the Board. A brief overview was made in preparation for discussion at the September Board meeting.

With no further business to discuss, the Regular Board meeting was adjourned at 4:25 PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District and the Board of Equalization held on Wednesday, September 11, 2002. The Board of Equalization Meeting was called to order at 11:30 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
Henry A. Collin, III
Harvey A. Bailey
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

It was reported that the Board of Equalization Hearing had been duly noticed in the local newspapers with the hearing time set for 11:30 AM at the District Office. The purpose of the meeting was discussed. In that no person or persons appeared for the Hearing, the Board of Equalization Hearing was adjourned at 11:40 AM and the Board of Directors convened for the Regular District Meeting.

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the August Board of Directors meeting. It was noted that the title for Richard McFarlin was shown as Vice President when it should have been President. Director Collin offered a motion to approve the minutes with the correction. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Bills totaling \$399,412.59 were then discussed. After discussion, Director Bailey offered a motion to approve the bills. The motion was seconded by Director Brown and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department were reviewed with the Board. Manager Chandler discussed water issues including unsold supply, potential change in carryover policy, water service to lands within the City Limits and District boundary reorganization. The diesel engines and pumps were discussed from the standpoint of selling outside California. After discussion, the Board set the price for sale at \$3550 for both units and pumps. Director Bailey reported on activities of the CVPWA and Family Farm Alliance. Other water related issues were also discussed.

Under the 2003 Budget, Controller Ramirez reviewed the proposed budget and the procedure for which the revenue rates are set. The water rates are budgeted at cost. Rehab standby charges are budgeted to yield revenues equal to 125% of the debt service for the budget year to comply with the covenant requirements of the COP indenture. Questions were raised by the Board as to whether the 125 percent covenant was causing excess funds to be deposited into the District's Reserves. Staff was directed to evaluate the results of billing annually for the 125 percent covenant to see if any portion thereof could be reduced.

The Board then reviewed a request from Mark Hoffman to waive the penalty for late payment on Standby charges which were not made timely due to his claim of an acreage difference. After discussion, the Board denied the request due to no attempt to make timely payment for any portion of the property.

Under Property Liens and Assessment Sales, Controller Ramirez reported that an assessment sale had been duly noticed in the local newspapers and notices were mailed to all 1999 landowners of record with delinquent rehab standby charges. An opportunity to bring delinquent accounts current before the assessment sale date of September 25, 2002 was offered. Consequently, Mr. Phil Morrelli and Mrs. Virginia Patterson paid their accounts current. Mr. Reginald Gonzalez informed the District that his property was in the process of being sold. Another landowner, Mr. Rafael Macias, personally appeared before the Board to discuss his proposal for an installment payment plan. After discussion, the Board informed Mr. Macias that he would have to make full redemption prior to September 25 to preclude his property from going to an assessment sale. The Board further advised that after the assessment sale date, redemption payments would be accepted, with interest, until fully redeemed, or, prior to recording a collector's deed of the property. Controller Ramirez reported to the Board that properties sold to the District may be redeemed within five years from the date of the assessment sale, or thereafter before a collector's deed of the property is recorded. Subsequently, the District at a public auction may sell properties not redeemed. After discussion, the Board reaffirmed the assessment sale date of September 25, 2002.

Controller Ramirez then reported on Changes in Liability Insurance Coverage. The District was advised that the insurance carrier could no longer provide liability limits of \$15,000,000 per occurrence or claim and a \$30,000,000 aggregate limit due to a lack of availability of reinsurance. Effective October 1, 2002 they will provide \$11,000,000 per occurrence or claim and a \$21,000,000 aggregate limit. After discussion, the Board agreed to accept the revised limits of liability insurance coverage.

Under Friant Water Users Authority Issues, a discussion was held to consider whether FWUA should go on record in support of Proposition 50 or not. After discussion, the Board elected to take a position that the Authority not support the proposition. Also discussed were changes in the Authority's budget, which added \$53,000 to cover cost for Dennis Keller and Dan Dooley being added to the "Small Group" negotiating team for river restoration. The Board supported the budget change. Other related items were discussed.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including policy for conferences and travel. Revenue for the month of July was \$74,980.51. Reports were also given on the District's Peak Load Reduction Program, generation of Fishwater Hydro and the District's effort to amend its FERC license at Friant to add additional generation.

Under AFRP Project, a discussion was held to consider an agreement with the Bureau of Reclamation to lease the District's purchased water on Mill Creek. Via the agreement, the Bureau would compensate the District to forbear diversion of its water from the water rights during the months of April, May, June and October. The District would be compensated for water at \$50 per acre-foot up to a maximum of \$500,000 over a period of 5 years. After discussion, Director Collin offered a resolution to approve the agreement and authorize the President or the Vice President and the Secretary to execute the agreement. The resolution was seconded by Director Bailey and unanimously approved by the Board.

A status report was then given regarding the District's need to upgrade its water accounting software. After evaluating other software programs and the lack fitting the District's needs, it appears most feasible to upgrade the existing District software. Staff will continue to evaluate this option including cost before making a recommendation to the Board.

Under AUL Retirement Plan Amendment, a discussion was held to consider amending the plan for current IRS guidelines and compliance. After discussion, Director Brown offered a motion to amend the plan. The motion was seconded by Director Orlopp and unanimously approved by the Board.

A discussion was then held to consider whether changes should be made in how salaries and benefits reviews are made. The concerning issue is the sudden change in cost that may take place in benefits, particularly, health insurance. After discussion, the Board directed staff to look at partially self-funded and higher deductible plans.

With no further business to discuss, the Regular Board meeting was adjourned at 3:27 PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, October 9, 2002. The Meeting was called to order at 11:40 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
Harvey A. Bailey
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary

Absent: James O. Orlopp, Vice President
Henry A. Collin, III
Robert T. Ramirez, Controller/Treasurer

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the September Board of Directors meeting. Director Bailey offered a motion to approve the minutes. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$431,208.03 were then discussed. After discussion, Director Brown offered a motion to approve the bills. The motion was seconded by Director Bailey and unanimously approved by the Board.

Under the Monthly Report, Controller reports on the financial standing of the District and other related activities of the Accounting Department were reviewed with the Board. Manager Chandler then discussed the amount of unpurchased water available to the District. After discussion, the Board directed staff to sell up to 3500 acre-feet of the available supply at a price not less than \$90 per acre-foot. Other water related issues were also discussed. River Restoration activities were also discussed including scenarios of districts making water available for various levels of restoration efforts. Director Bailey reported on activities of the Friant Water Users Authority, the Central Valley Project Water Association and the family Farm Alliance. Other related items were discussed.

Under the 2003 Budget, the budget and an analysis prepared by Controller Ramirez regarding the effects of the COP Covenant on the budget were discussed. The requirement by MBIA Inc, the insurance underwriter, to collect revenues of at least 125% of the debt service is to assure that the District bills and collects enough cash to pay its annual debt service, including the principal component of the debt. The analysis projects adequate cash revenue to meet all operating cash basis expenditures and debt service obligations for the year 2003 in compliance with the 1996 Certificates of Participation indenture. After further discussion, Director Brown offered a motion to approve the 2003 Budget and Per Acre Rates of \$72.52 for acreage with Rehab, and \$14.00 for acreage without Rehab. The motion was seconded by Director Bailey and unanimously

approved by the Board. The Board then directed staff to research methods to establish rates that will not create excess reserves.

Under Property Liens and Assessment Sales, three properties were reported sold to the District on September 25, 2002 for delinquent rehab standby charges. These properties may be redeemed within five years from the date of the assessment sale, or thereafter before a collector's deed of the property is recorded. After five years, properties not redeemed may be sold at a public auction.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including policy for conferences and travel and revenue for the month. Reports were also given on the District's Peak Load Reduction Program and generation of Fishwater Hydro.

Under AFRP Project, a discussion was held regarding Congressman Ose intervention into the Bureau's proposed lease of the Mill Creek and Butte Creek water rights. Supposedly, there is no problem with the Mill Creek lease but the agencies have the two projects linked together. They are not willing to sign one without signing both agreements. The delay caused an untimely trip to Sacramento to get the agreement signed. The agreement was signed by Manager Chandler on consent of the Board members which needed ratification from the Board at a regular meeting. Director Bailey offered a motion to change the supporting resolution authorizing Manager Chandler to sign the agreement in lieu of President McFarlin. The motion was seconded by Director Brown and unanimously approved by the Board.

A discussion was then held to consider upgrading the District's water accounting software . Manager Chandler recommended approving \$30,000 which included an estimate of \$22,486 for the software upgrade and some funds for computers and operating software. The intent is to request cost-sharing funds from USBR for the upgrade if they get a budget approved for these purposes. Currently, the Bureau does not have an approved budget. After discussion, Director Brown offered a motion to fund up to \$30,000 for the proposed upgrade. The motion was seconded by Director Bailey and unanimously approved by the Board.

A discussion was then held to consider continued participation in the Friant Water Users Authority's general membership and payment of their call for funds. After discussion, Director Bailey offered a motion to continue participation and payment of OCID's share of the budget. The motion was seconded by Director Brown and unanimously approved by the Board.

With no further business to discuss, the Regular Board meeting was adjourned at 2:35 PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, November 13, 2002. The Meeting was called to order at 11:35 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
Harvey A. Bailey
Henry A. Collin, III
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

Others: Arlen Miller, Landowner

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

President McFarlin then asked if there were any errors or omissions to the minutes for the October Board of Directors meeting. Director Bailey offered a motion to approve the minutes. The motion was seconded by Director Brown and unanimously approved by the Board.

Bills totaling \$453,864.99 were then discussed. After discussion, Director Brown offered a motion to approve the bills. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department. Manager Chandler reported on the Bureau draft carryover policy, reclaimed water permit fee and the court ruling on Westlands III litigation. Director Bailey reported on activities of the Friant Water Users Authority, the Central Valley Project Water Association and the Family Farm Alliance. Other related items were discussed.

Under the 2003 Budget, discussion continued on the budget process and related covenant compliance issues. Controller Ramirez reported that the District's accounting records are maintained using the accrual method of accounting, but that the net revenues to debt service calculation is computed on a hybrid method of accounting utilizing selected revenue funds and selected operating expenditures. Controller Ramirez also reported that the District must set revenue rates in accordance with the Installment Purchase Agreement that refinanced the rehab project. The pro-forma year end projection estimates that the District will easily meet the 125% net revenue to debt service covenant for calendar year 2002. As a result, the Board directed staff to present available alternatives at the next Board meeting to adjust revenue rates or generate rebates of any excess revenues over the 125% covenant.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including revenue generation. Reports were also given on the Fishwater Hydro District's Peak Load Reduction Program. The Friant II Hydro was also discussed in consideration of amending the District's FERC license to include a second plant. The Board confirmed their desires to proceed with the amendment.

Under AFRP Project, a status report was given regarding the delays caused by Congressman Ose's intervention into the Department of Interior's leasing process. Also reported was the District solicitation of local congressmen intervention to support the signing of the Mill Creek Lease Agreement. Further discussion was held regarding the use of consultants to see what process might be used to get the Mill Creek project back on track consistent with the District's original proposal.

A discussion was then held to consider whether FWUA should change their voting procedure relative to any issue pertaining to the FWUA/MWD agreement. The FWUA Board referred this issue to home district boards due recent discussion and different interpretations of past action. After discussion, the Board felt this was a non-issue and didn't recommend any changes to the voting process.

A discussion was then held in consideration of continuing membership and payment of dues to ACWA. After discussion, Director Brown offered a motion to continue membership and payment of the dues. The motion was seconded by Director Bailey and unanimously approved by the Board.

A discussion was then held to consider participation in the California Water Awareness Campaign. After discussion, the Board elected to not participate.

Under Employee benefits, a discussion was held to consider alternatives for employee benefits, more particularly, health insurance benefits. Current policy is for the District to pay the full cost of the employee's health insurance premiums. After discussion, Director Collin offered a motion to change the policy for the District to pay a maximum of \$300 toward the employee's health insurance cost. The District would also make a one-time salary adjustment to raise the employee's salary for the difference that is currently paid by the District and to review this issue on an annual basis. The policy change is to take effect January 1, 2003. The motion was seconded by Director Orlopp and unanimously approved by the Board.

A discussion was then held to consider using a collection agency to assist the District to collect delinquent funds. After discussion, Director Bailey offered a motion to contract with Transworld Systems Inc. for two years at a fixed cost of \$697.50. The motion was seconded by Director Collin and unanimously approved by the Board.

Under Interim Arbitrage Rebate Analysis, a report prepared by Orrick, Herrington & Sutcliffe LLP was reviewed. The computations for the interim period September 12, 1996 to September 1, 2002 reported a cumulative rebate liability of \$6,630.79. The allowable yield on investments is 5.635484%. Excess earnings must be rebated to the U.S. Treasury. Ninety percent of the cumulative rebate liability is required to be rebated to the U.S. Treasury no later than 60 days after September 12, 2006 (the end of the tenth certificate year). After discussion, Director Brown offered a motion to accept the Interim Arbitrage Rebate report and accrue the rebate liability. The motion was seconded by Director Bailey and unanimously approved by the Board.

A closed session was called by President McFarlin at 3:20 PM to discuss NRDC v Patterson litigation. The Board returned to regular session at 3:35 PM and President McFarlin announced that no action was taken in the closed session.

With no further business to discuss, the Regular Board meeting was adjourned at 3:37 PM.

Richard D. McFarlin, President

James C. Chandler, Secretary

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Tuesday, December 10, 2002. The meeting was called to order at 11:33 A.M., with the following Directors and Officers present:

Directors: Richard D. McFarlin, President
James O. Orlopp, Vice President
Harvey A. Bailey
Henry A. Collin, III
David A. Brown

Officers: James C. Chandler
Engineer-Manager-Secretary
Robert T. Ramirez, Controller/Treasurer

President McFarlin asked if there were any changes to the agenda. Hearing none, he ordered the agenda approved as prepared.

Election of Officers was then held. Director Orlopp offered a motion to elect Director Bailey to the position of President for two years. The motion was seconded by Director Collin and unanimously approved by the Board. Director Collin then offered a motion to maintain the current officers for Vice President, Secretary and Treasurer as James Orlopp, James Chandler and Robert Ramirez for the respective positions.

President McFarlin then asked if there were any errors or omissions to the minutes for the November Board of Directors meeting. Director Collin noted two errors under employee benefits. First, the motion did not reflect the effective date of the action to be taken and the second, the District Manager, not the Board, that directed staff to review for potential impacts to the District. After discussion, Director Brown offered a motion to approve the minutes as corrected. The motion was seconded by Director Bailey and unanimously approved by the Board.

Bills totaling \$260,045.16 were then discussed. After discussion, Director Bailey offered a motion to approve the bills. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under the Monthly Report, Controller Ramirez reported on the financial standing of the District and other related activities of the Accounting Department. Manager Chandler reported on operational issues as well as carryover policy being drafted by the Bureau. Director Bailey reported on activities of the Friant Water Users Authority, the Central Valley Project Water Association and the Family Farm Alliance. Other related issues were discussed.

Under Budget Issues, Controller Ramirez reported on the pro-forma year end projection for the fiscal year ending December 31, 2002. The pro-forma year end projection anticipates that the District will be in compliance with the 125% net revenue to debt service covenant for calendar year 2002.

Under Water Rates and Related Issues, a discussion was held in consideration of setting water rates for 2003 water year and water and land credits that could be applied to water and Standby billings for 2003. After discussion, Director Bailey offered a motion to hold water rates the same as water year 2002, credit the water user \$15.50 per acre-foot of water used in 2002 and credit Standby billing for Fishwater Hydro revenues of \$3.07 per acre. The motion was seconded by Director Orlopp and unanimously approved by the Board. Discussion on Rules and Regulation and a transmittal letter for 2003 water application will continue at the next regular Board meeting.

Under Electric Power, Director Brown and Manager Chandler reported on activities of the Friant Power Authority including revenue generation. Reports were also given on the District's Fishwater Hydro, the Peak Load Reduction Program and cost estimate to start the amendment to the Friant FERC license to include a second hydro unit.

Under AFRP Project, reports were given regarding delays in signing the Mill Creek lease agreement and meetings with various folks regarding the potential to get the OCID Mill Creek studies back on track.

Under Employee benefits, a follow up discussion was held to review the effects, if any, from the action taken at the November Board meeting. Controller Ramirez reported that only one impact had been identified which would be the additional cost to the District to match the 5 percent contribution to employee retirement funds resulting from the salary adjustment. The estimated cost was \$1528 per year. After further discussion, Director Collin asked staff to furnish directors with the District Employee's retirement plan for review and continued discussion for the January Board meeting and delay the effective date for implementing the change one month.

Under Property Liens, a discussion was held in consideration of adopting a resolution to file Certificates of Liens on properties that have delinquent accounts with the District. After discussion, Director Orlopp offered a motion to approve the resolution. The motion was seconded by Director Bailey and unanimously approved by the Board.

Abandonment of Capital Assets was then discussed. The Board reviewed a list of property to be removed from Capital Assets. After review, Director Brown offered a motion approve the listed property from the Capital Assets of the District. The motion was seconded by Director Orlopp and unanimously approved by the Board.

Under the California Farm Water Coalition, a discussion was held to consider participation in their membership. After discussion, the Board elected to not participate.

Under NRDC v Patterson, no discussion was held since there was nothing new to report to the Board.

With no further business to discuss, the Regular Board meeting was adjourned at 3:45 PM.

Richard D. McFarlin, President

James C. Chandler, Secretary