

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 14, 2009. The Meeting was called to order at 11:46 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, President
Henry A. Collin, III, Vice President
David Brown
Russell Katayama
Arlen D. Miller

Officers: Fergus A. Morrissey, Engineer-Manager
Robert T. Ramirez, Controller/Treasurer
John Sanders, Operations Supervisor

Others: Jill Johnson, Karen Johnson

1. Call to order

The regular Board of Directors meeting for January 2009 was called to order by Director Bailey at 11:46 A.M.

2. Additions to and approval of the Agenda.

The Agenda was approved as provided in a motion by Director Katayama. This motion was seconded by Director Miller. All Board members voted in favor to approve the agenda.

3. Approval of the Minutes

Director Miller offered a motion to approve the minutes as prepared, for both the Regular and Special Board Meetings held on December 10, 2008. Director Brown seconded the motion and the Board expressed unanimous agreement.

4. Approval of Bills

Controller Ramirez discussed bills to be paid by the District, that were atypical in nature. The net disbursement amount for the previous month totaled \$318,979.62. Concepts in Controls charged \$4,241.34 for miscellaneous items including updated SCADA program and miscellaneous hardware, software and labor services. Director Brown inquired as to the availability of other contractors that could perform the same function for the District. Manager Morrissey and Supervisor Sanders noted to the Board that they would research other vendors that could compete with Concepts in Controls. It was noted to the Board that the advantage of Concepts in Controls was their intimate knowledge of the system, which they designed and installed and have kept up over the last decade. This is not to say that there may be a contractor that could perform the system upkeep at a lesser cost.

Manager Morrissey brought up a discussion on the special call for funds by the Friant Water Users Authority to fund a mediator (Mediator Dues Allocation) to facilitate the process of San Joaquin River impact allocation and recovery opportunities under the water management goal of the settlement among the Friant Division Long Term Contractors. The District's share of those costs is estimated at \$3,484.69 and in order to explore opportunities that may be advantageous to the District and or preempt outcomes to the contrary, Manager Morrissey expressed his support of engaging in the process. Director Miller voted in favor of engaging in the mediation, Director Brown seconded the motion and all Directors voted in favor of committing resources to that end.

Following this discussion, the Board had no further questions. Director Brown motioned to pay the bills, Director Miller seconded the motion and a unanimous vote to pay the bills was cast by Directors.

5. Public Comment.

Madams Jill and Karen Johnson, daughters representing a local non-District landowner, Mr. Edward Johnson, arrived at the Board Meeting at approximately 1:30 P.M. In December of 1987 Mr. Johnson added 305.06 acres of land under his ownership to the District's list of properties considered for inclusion into the District. Since that time, approximately 2/3rd of the 305 acres had been sold to another individual, Mr. Walter Hayhurst. Because the District is in a position to annex additional lands into the District, Mr. Johnson was contacted to gauge his interest for a portion of the property to be included.

Upon further investigation, it was determined that the portion of this 305 acres that may be brought into the District is under the ownership of Mr. Hayhurst, because his portion is immediately adjacent to the existing District boundary, while Mr. Johnson's portion is not adjacent to the District. Mr. Johnson desired clarification on the District's Policy to give priority to properties on the aforementioned inclusion list, to the land and not with the landowner. This was explained to his daughters by the Board of Directors and they

understood the rationale behind it, accepting the fact that Mr. Johnson's ability to include property under his ownership into the District hinges on the geometry by which Mr. Hayhurst brings property into the District, and that no islands can be created. Manager Morrissey agreed to provide Mr. Johnson with a map showing the 305 acres that are eligible to come into the District, indicating respective landowner portions. It was expressed to Jill and Karen, that at this time there was at most 80 acres of land (out of the original 305) that could be included into the District and that future opportunities depend on and require detachment of land from the District.

6. Monthly Reports

Controller Ramirez discussed the magnitude of delinquent standby charges which total \$76,397 as of December 31, 2008. It was noted that this quantity is somewhat higher than in prior years possibly due to the current economic conditions. Also, two delinquent water users' accounts continue to have outstanding balances and their outlets have been locked pending payment. Manager Morrissey indicated that the District has a remaining water supply balance of 7,914 acre feet from the Bureau of Reclamation 2008 water year, delivering 230 acre feet in December. Based on the projected quantity of carryover, the District should be able to satisfy the 2009 water year demand in all but the direst of hydrologic circumstances. The District has 3,400 additional acre feet of water banked among the Lower Tule River, Tulare and Shafter Wasco Irrigation Districts that it can call on if necessary, bringing their total supplemental supply to over 11,000 acre feet above and beyond the Bureau of Reclamation's water supply allocation. If the Bureau's allocation ends up in the 50% range, the District will still be able to satisfy a 30,000 acre feet demand.

Controller Ramirez reported that the District received non-operating funds totaling \$228,587.60 in fiscal year ending December 31, 2008 that could be designated for water user rebates. These funds were received from the Friant Power Authority and the Kings River Hydro Plant for electric generation, and prior year refunds from the Bureau of Reclamation and the Friant Water Authority.

Supervisor Sanders went over the Operations and Maintenance Monthly Report which included work done associated with preparing for the installation of the new antenna tower, weed control within the reservoirs, routine meter reading and repair and installation of a replacement VFD for the system 9 distribution systems.

7. Electrical Power

Manager Morrissey briefly went over the status of the power generation facilities and informed the Board that there has yet to be a discussion with the Friant Power Authority regarding Little Dry Creek and the potential project. Manager Morrissey noted that this will be decided at the next FPA meeting, as there was neither a meeting in November nor December.

8. LAIF Investments

Manager Morrissey provided the Board with a memo from Minasian, et al, regarding the potential insecurity of the LAIF investments in that a vote of the California Legislature of 50% plus one could overturn the statutory ban precluding the states access for borrowing these funds to assist in resolving the state budget crisis. Following the discussion, the Board directed Manager Morrissey and Controller Ramirez to evaluate alternatives to LAIF for their consideration at the February Board Meeting. The most important aspect of evaluated alternatives is preservation of principal vs. return on investment.

9. Water For America Grant

Manager Morrissey suggested to the Board that the District pursue grant funding from the United States, on a 50% cost share basis, in order to install the proper mainline meters so that SCADA integration can be accomplished and the District will have an accurate real time measurement of flows in each system. Supervisor Sanders informed the Board that Waterman installed the wrong flow meters and later went bankrupt, leaving the District without remedy for Waterman's negligence. Supervisor Sanders has estimated that the grant will complete approximately 50 % of the District's need in this regard. Manager Morrissey pointed out that if the grant is awarded there is no commitment to expend the funds and the District can defer a decision on whether or not to put the funds to use or to let them lapse (last year the grant was awarded to the District but the project was not undertaken). Manager Morrissey and Supervisor Sanders believe the expenditure of \$25K by the District would be operationally beneficial.

The Board undertook a roll call vote on the Resolution to secure grant funding from the United States. The following vote was noted:

Director Collin voted – *Aye*
Director Miller voted – *Aye*
Director Brown voted – *Aye*
Director Katayama voted – *Aye*
Director Bailey voted – *Aye*

10. OCID Rules and Regulations for 2009

The Board considered the draft Rules and Regulations provided in the Board package. After some discussion the Board considered the Rules and Regulations to be appropriate and approved its finalization and distribution with the 2009 water applications.

The Board considered disbursing a water user rebate determined by the extra non-operating revenue heretofore discussed (\$228,587.60) to water users in fiscal year 2008. Director Katayama motioned to approve distribution of this rebate to the water users based on their pro rata water deliveries in fiscal year 2008. Director Collin seconded the motion and the Board voted unanimously in favor of Director Katayama's motion.

The Board then considered the appropriate water delivery rates for the District 2009 water year. Director Brown motioned to leave the rates unchanged from last year. This motion was seconded by Director Katayama and all Board members voted in favor of Director Brown's motion.

11. Water Transfer Agreements

Manager Morrissey went over the Water Transfer Agreement being drafted by San Luis Water District, Orange Cove Irrigation District, and Esquire Sawyers, legal counsel representing both districts. He discussed some of the details of the Agreement, including "off-ramps" in case exchange partners are found which will be necessary to facilitate the exchange or for other reasons. Manager Morrissey discussed with the Board the requests from those in the Friant Division for the District to enter into a transfer agreement and the Board expressed sensitivity to giving consideration to Friant Districts when undertaking transfers.

12. Detachment and Annexation Issues

Manager Morrissey went over the revised draft of the Annexation and Detachment Policy. After much discussion on the draft Policy, the Board directed Manager Morrissey to finalize the draft as is. As previously instructed, Manager Morrissey will provide the draft to Esquire Sawyers for his review and comment prior to the Board's formal adoption of the Policy.

13. Closed Session

The Board went into closed session at approximately 3:30 P.M. Manager Morrissey discussed various issues associated with San Joaquin River Settlement and Mill Creek with the Board.

14. Return to Open Session

The Board came out of Closed Session at approximately 3:50 P.M. There were no reportable actions taken in closed session.

Manager Morrissey asked the Board if there were to be "constraints" imposed on the decision making process associated with purchasing a vehicle for the District for District business, i.e. state bid, model type, etc... Manager Morrissey suggested a preference for purchasing a late model, low mileage, good quality, previously owned vehicle so as to avoid immediate depreciation and create the ability to obtain a better value per dollar spent. The Board agreed with this philosophy and approved Manager Morrissey to make the decision, provided that the "out the door" expense to the District was less than \$25K.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:10 P.M. with the next scheduled meeting to occur on Wednesday February 11, 2009 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, February 11, 2009. The Meeting was called to order at 11:40 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, President
Henry A. Collin, III, Vice President
David Brown
Russell Katayama

Officers: Fergus A. Morrissey, Engineer-Manager
Robert T. Ramirez, Controller/Treasurer
John Sanders, Operations Supervisor

1. Call to order

The regular Board of Directors meeting for February 2009 was called to order by Director Bailey at 11:40 A.M.

2. Additions to and approval of the Agenda.

The Agenda was approved as provided in a motion by Director Collin. This motion was seconded by Director Katayama. All Board members present voted in favor to approve the agenda.

3. Public Comment

No members of the public were present at the meeting.

4. Approval of the Minutes

Director Collin offered a motion to approve the minutes as prepared for the January 2009 Meeting held on January 14, 2009. Director Brown seconded the motion and the Board expressed unanimous agreement.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. It was noted that the registration for the ACWA 2009 Spring Conference had been made for all of the Directors. Cancellation decisions for any particular Director will need to be provided to staff by the April Board Meeting in order to receive a credit for payments made. Total disbursements of \$245,515.85 were sought for approval. Director Katayama advanced a motion to pay the bills as presented. This motion was seconded by Director Brown. The Board voted unanimously in favor of payment as presented.

6. Monthly Report

Controller Ramirez informed the Board that Mr. Rafael Macias has an outstanding receivable of \$258 for charges for the repair of a meter on his property. Controller Ramirez will send Mr. Macias a lien letter to prompt payment of this charge. The Board asked Manager Morrissey about the Zerlang (land surveyor) charge associated with the item listed as Lange-Annexation in the amount of \$1,793.75. Manager Morrissey indicated that he had asked Surveyor Zerlang to survey Lange's property several months ago, prior to his understanding that it would be necessary to offer annexation opportunity to the landowner of a property that is presently under different ownership, i.e. by an individual that did not request inclusion. In light of this, this charge will not be able to be applied until space is available for Mr. Lange to be annexed into the District.

Supervisor Sanders discussed general field and maintenance activities undertaken during the preceding month, including a discussion on plans to attempt to correct leakage from Reservoir 13. Supervisor Sanders also informed the Board that progress continues to be made on the new antenna tower and its erection should be possible by the April Board Meeting.

7. Water Supply

Manager Morrissey discussed the range of possibilities for this years water supply. Because of current hydrologic conditions within the state, both this year and during the previous two, and the considerable uncertainty associated with the contribution that may be expected during the remainder of this water year, and importantly, the potential call on Friant Division supplies by the "Exchange Contractors" it was very difficult to predict where the District may end up. The various moving parts associated with this years Friant declaration (which would be provided on February 20th) were discussed. These included the trigger that could result in Friant's burden of supplying an additional 190

TAF to the Exchange Contractors if the inflow conditions at Shasta shifted the water year designation from Critical to Non-Critical. Considering all of these factors, Manager Morrissey suggested to the Board that it was likely that Friant would receive a 40 % allocation, and given carryover water and water available to be called upon within Friant would provide the District with a quantity of water reasonably close to its use during the current Bureau water year ending February 28, 2009.

8. Electrical Power

Manager Morrissey discussed the lack of redundancy, with respect to ensuring that the California Department of Fish and Game's hatchery receive uninterrupted flows via the Districts Fish Water Release hydroplant infrastructure at Friant Dam. Manager Morrissey suggested that he explore, via consulting firm Keller & Wegley, the cost implications of modifying the system to provide such redundancy, including engineering work provided by Consultants Keller & Wegley. Director Brown motioned that this exploration be undertaken to provide the Board with relevant and accurate cost implications. This motion was seconded by Director Katayama. The Board voted unanimously in favor of utilizing Keller & Wegley for this cost determination.

9. LAIF Investments

A discussion with respect to LAIF investments occurred among the Board and Staff. The Board decided not to pursue alternate disposition of funds within LAIF, which was heretofore considered in light of the state's budget problem and the potential threat to LAIF posed thereby.

10. Refinancing 1996 Certificates of Participation.

The District received a call from Wells Fargo Securities informing the Board that the net present value refunding trigger criterion (3% savings) was in place (given that the other criterion associated with the debt service covenant was written into the bond). Wells Fargo representative Michael Englebrecht, conveyed to the Board that the market conditions presented the opportunity for an approximate 4.28%/4.6% net present value savings for a callable/non callable bond. After some discussion on these two options, the Board informed Wells Fargo that they would prefer to go with the callable bond option, which in essence was a safer path to take without sacrificing significant savings.

Manager Morrissey suggested to the Board that the District pursue grant funding from the United States, on a 50% cost share basis, in order to install the proper mainline meters so that SCADA integration can be accomplished and the District will have an accurate real time measurement of flows in each system. Supervisor Sanders informed the Board that Waterman installed the wrong flow meters and later went bankrupt, leaving the District without remedy for Waterman's negligence. Supervisor Sanders has estimated that the grant will complete approximately 50 % of the District's need in this regard. Manager Morrissey pointed out that if the grant is awarded there is no commitment to expend the funds and the District can defer a decision on whether or not to put the funds to use or to let them lapse (last year the grant was awarded to the District but the project was not undertaken). Manager Morrissey and Supervisor Sanders believe the expenditure of \$25K by the District would be operationally beneficial.

The Board undertook a roll call vote on the Resolution to secure grant funding from the United States. The following vote was noted:

Director Collin voted – *Aye*
Director Miller voted – *Aye*
Director Brown voted – *Aye*
Director Katayama voted – *Aye*
Director Bailey voted – *Aye*

11. OCID Rules and Regulations for 2009

The Board considered the draft Rules and Regulations provided in the Board package. After some discussion the Board considered the Rules and Regulations to be appropriate and approved its finalization and distribution with the 2009 water applications.

The Board considered disbursing a water user rebate determined by the extra non-operating revenue heretofore discussed (\$228,587.60) to water users in fiscal year 2008. Director Katayama motioned to approve distribution of this rebate to the water users based on their pro rata water deliveries in fiscal year 2008. Director Collin seconded the motion and the Board voted unanimously in favor of Director Katayama's motion.

The Board then considered the appropriate water delivery rates for the District 2009

water year. Director Brown motioned to leave the rates unchanged from last year. This motion was seconded by Director Katayama and all Board members voted in favor of Director Brown's motion.

12. Water Transfer Agreements

Manager Morrissey went over the Water Transfer Agreement being drafted by San Luis Water District, Orange Cove Irrigation District, and Esquire Sawyers, legal counsel representing both districts. He discussed some of the details of the Agreement, including "off-ramps" in case exchange partners are found which will be necessary to facilitate the exchange or for other reasons. Manager Morrissey discussed with the Board the requests from those in the Friant Division for the District to enter into a transfer agreement and the Board expressed sensitivity to giving consideration to Friant Districts when undertaking transfers.

13. Detachment and Annexation Issues

Manager Morrissey went over the revised draft of the Annexation and Detachment Policy. After much discussion on the draft Policy, the Board directed Manager Morrissey to finalize the draft as is. As previously instructed, Manager Morrissey will provide the draft to Esquire Sawyers for his review and comment prior to the Board's formal adoption of the Policy.

14. Closed Session

The Board went into closed session at approximately 3:30 P.M. Manager Morrissey discussed various issues associated with San Joaquin River Settlement and Mill Creek with the Board.

15. Return to Open Session

The Board came out of Closed Session at approximately 3:50 P.M. There were no reportable actions taken in closed session.

Manager Morrissey asked the Board if there were to be "constraints" imposed on the decision making process associated with purchasing a vehicle for the District for District business, i.e. state bid, model type, etc... Manager Morrissey suggested a preference for purchasing a late model, low mileage, good quality, previously owned vehicle so as to avoid immediate depreciation and create the ability to obtain a better value per dollar spent. The Board agreed with this philosophy and approved Manager Morrissey to make the decision, provided that the "out the door" expense to the District was less than \$25K.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:10 P.M. with the next scheduled meeting to occur on Wednesday February 11, 2009 at 11:30 A.M.

Harvey A. Bailey, President

Fergus A. Morrissey, Secretary

Minutes of the Special Meeting of the Board of Directors of the Orange Cove Irrigation District held on Saturday, February 21, 2009. The Meeting was called to order at 2:10 P.M., with the following Directors and Officers present:

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

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

1. Call to order

The special Board of Directors meeting in February 2009 was called to order by Director Bailey at 2:10 P.M.

2. Additions to and approval of the Agenda.

The Agenda was approved as provided in a motion by Director Collin. This motion was seconded by Director Katayama. All Board members present voted in favor to approve the agenda.

3. Public Comment

No members of the public were present at the meeting.

4. Bureau of Reclamation Initial Water Supply Declaration.

Manager Morrissey summarized the initial water supply declaration for Friant Division Contractors made on Friday, February 20th. The Bureau declared a 25% Class 1 supply for the Friant Division. This declaration is based on a diversion of 270 TAF to the Exchange Contractors and a diversion of 40 TAF for interim SJR Restoration flows later in the Fall months. The declaration is a snapshot based on the February 1, 2009, 90% exceedence forecast. If this declaration comes to fruition, the District will have available, including carryover and "banked" water, a total of approximately 21TAF.

5. Optional Water Supply Consideration

Manager Morrissey discussed with the Board, an opportunity for acquiring an additional water supply, non-project / Warren Act Contract source, that can be pursued for this water year. This opportunity was conveyed to Manager Morrissey for consideration by the District, by Mr. Dennis Keller, of Keller and & Wegley Engineering, whom is spearheading the effort.

Endeavoring to acquire this additional water supply comes at an upfront cost of \$20 per acre, whether or not any water is "purchased". The other salient term of a pending agreement would be that in return for acquiring one acre foot this year, four to four and one-half acre feet needs to be returned during a water year whose hydrology supports its return. These details of the agreement need to be worked out however, the fundamentals of the deal are such.

Subsequent to the discussion, Director Miller advanced a motion to preserve the opportunity to acquire up to 5,000 acre feet of this non-project water, the cost of which shall be supported by an existing drought preparedness fund, and shall not incur any cost to the District's water users. This motion was seconded by Director Brown. All Directors voted unanimously in favor of the motion.

The Board provided clarification to staff that any water user that ordered less than 1.4 acre feet (the allotted supply) by February 20, 2009 would not be eligible to access this alternative water supply.

With no further business to discuss, the Special Board of Directors meeting was adjourned at 4:01 P.M. with the next scheduled meeting to occur on Wednesday March 11, 2009 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 Tuesday, March 17, 2009. The Meeting was called to order at 11:42 A.M., with the following Directors and Officers present:

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

Officers: Fergus A. Morrissey, Engineer-Manager
Robert T. Ramirez, Controller/Treasurer
John Sanders, Operations Supervisor

1. Call to order

The regular Board of Directors meeting for March 2009 was called to order by Director Bailey at 11:42 A.M.

2. Additions to and approval of the Agenda.

The Agenda was approved as provided in a motion by Director Collin. This motion was seconded by Director Katayama. All Board members present voted in favor to approve the agenda.

3. Public Comment

No members of the public were present at the meeting.

4. Approval of the Minutes

Director Collin offered a motion to approve both the Regular and Special Board Meeting minutes as prepared for the February 2009 Meetings held on February 11 and 21, 2009, respectively. Director Brown seconded the motion and the Board expressed unanimous agreement.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Bills totaling 249,114.04 were presented. The bill payable to Anthony D. Rivas was questioned by Director Brown. Supervisor Sanders informed that this bill was associated with hauling of material used to repair a leak in Reservoir 13. Director Miller inquired as to purpose for the bill for Slump Block \$405.95. The Directors were informed that this expense was for repair of the sagging cantilevered roof overhang section in the front of the office. Director Katayama advanced a motion to pay the bills as presented. This motion was seconded by Director Miller. The Board voted unanimously in favor of payment as presented.

6. Monthly Report

Controller Ramirez informed the Board that Mr. Rafael Macias paid his outstanding receivable of \$258 for charges for the repair of a meter on his property. Controller Ramirez informed the Board that the Teeter Tax Refund on the order of \$27,000, which is received from Fresno County every year, has been received. Landowners delinquent on their stand-by payments were reviewed by Controller Ramirez. Delinquent water users, whose outlets have been locked and of which there are only two (Padilla - #434 and Soria # 747) were discussed by Controller Ramirez. End of Contract Water Year revealed that 26,404 acre feet of water was used within the District. This usage resulted in a carry over of 7,901 acre feet.

Controller Ramirez discussed the spreadsheet detailing applicant allotment and orders for 2009, which allocates water available amongst District landowners (based on Bureau of Reclamation's declaration), based on their orders received by the District on or before February 20th. The spreadsheet prorates the forecasted available supply to those that have ordered on time. Those that ordered water late will receive water subject to availability with an imposed \$20 per acre foot fine per acre foot. The determination of availability is generally not possible until after the due date of the second installment (June 20th) and because of this, landowners that have ordered late will need to work with "on-time" landowners in order to secure water prior to that date. The District will compile a list of water transfer willing landowners so that they can be contacted directly by "late" ordering landowners and work out a transfer for the season, or at least through June 20th. Manager Morrissey indicated that he would be sending out a letter to growers soliciting willingness to transfer and informing all that this list will be available from the District so that they may secure surface water. At the time of the Board Meeting there were 10 late applicants for water in the District, totaling 373.52 acre feet.

The Board discussed the matter of Carol Rosedale, a landowner that did not submit a water application by February 20th, and who sent a letter to the Board asking for consideration due to extenuating circumstances (as far as she was concerned). After discussion, the Board decided that while the circumstances were unfortunate and the Board was empathetic to Ms. Rosedale's predicament, the Board would not forgive those circumstances and consider the application from Ms. Rosedale to be considered "on-time". The Board considers that there are no (as yet advanced) valid circumstances by which a late application would be "forgiven". Director Bailey indicated that he would have a telephone conversation with Ms. Rosedale regarding her particular situation.

The Board briefly discussed Gary Sawyers' letter to the District's auditor, Joe Mastro, regarding his opinion of issues in which the District is involved that could have a negative impact on their financial standing. The Board did take exception with several written statements within this letter (dated, February 19, 2009) with regard to Mill Creek. The Board asked Manager Morrissey to discuss this matter with Esquire Sawyers and to plan a path forward regarding future disposition of the Mill Creek Water Right. With respect to a decision from the Board on valuing the Mill Creek water right asset, the Board instructed Controller Ramirez, for purposes of most accurately reflecting the value on the financial statement, to consider its value equal to what was paid for the asset.

Directors Collin and Katayama were reminded by Controller Ramirez that they would be receiving notification from the County of Tulare regarding their expiring Board appointments and will later this spring have to deal with their expiring term.

Supervisor Sanders went over the O&M Monthly Report with the Directors. The aquatic weed within the FKC was discussed at some length. Manager Morrissey was asked to prepare a letter to the Friant Water Authority regarding the urgency of the situation and the fear that the District has that the upcoming scientific study by Dr. Lars Anderson, will not be providing immediate relief of any kind and may not for years to come. Manager Morrissey indicated that he would follow up with the Friant Water Authority in order to ensure the process is expedited. Supervisor Sanders indicated to the Board that the Tower was to be erected on the 18th of March.

7. Water Supply

Manager Morrissey conveyed the information relayed to CVP contractors in weekly teleconference calls held by Central Valley Operations (CVO) chief Ron Milligan. Based on their continued analysis, recent rainfall in northern California has been significant enough such that it no longer appears there will be a call on Friant for the Exchange Contractors, however, Friant Dam Operations Chief is not that certain, nor is Dennis Keller. In conversations with Dennis Keller regarding the District's pursuit of additional, non-project supply, it was decided that the District would not need to commit to anything in this regard until the upcoming Reclamation official declaration to be made on March 20th. It is the inclination of CVO that Friant will go to at least a 50% allocation and likely more.

Discussion with the Board ensued on the need to communicate the status of the water supply and the fact that the District would compile and maintain a list for those looking to secure water supply from landowners that were willing to provide it, to all landowners in the near future. It was decided that this information, as well as the information from the pending declaration would be communicated by insertion into the paperwork associated with the second payment installment.

A list of late appliers was provided. There are a total of ten late applications received, for a total of 373.522 acre feet. These ten landowners used a total of 554.240 acre feet during the 2008 water year.

8. Electrical Power

Manager Morrissey discussed the analysis of incremental power generation that would result from an additional 15 cfs through the Fishwater Hydroplant. The numbers reveal that the gross incremental annual return on power revenues would be approximately \$170,900. To pursue this benefit, the Friant Power Authority's inclusion would result in an annual net return of approximately \$20,000 (12.5%) to the District. If and when the 15 cfs increase becomes a reality, the Board will revisit this option.

9. Refinancing Certificates of Participation

Manager Morrissey included Form 8038-G *Information Return for Tax-Exempt Governmental Obligations*, in the Board packet. This form includes the effective yield of the new Bonds which is 3.57654% at an issue price of \$10,614,662. The Board was informed, that the refinancing process is complete and the objectives were more than achieved.

10. 9(d) Refinancing

Manager Morrissey updated the Board on the process that was being pursued relative to conversion of the existing water service contract (9e) to a repayment contract 9(d). Friant's home board attorneys and a group of managers (among which includes Manager Morrissey) are working on drafting a contract and will interface with Reclamation in the process on behalf of the Friant Division. The major hurdle at this time is a financial one stemming from the anomalous, inverse relationship between the 20 year Constant Maturity Treasury rate (CMT) and the Tax Exempt Municipal Bond index.

The former is historically greater than the latter, however this relationship is presently upside-down due to the "flight to security" within the investor market which has driven down the CMT to very low levels. The current relationship will require a greater capital repayment amount and greater financing costs to those financing the payment. The existing relationship of these monetary indices will dissuade contractors from making a lump sum repayment in January of 2011 (if the current relationships remain) and it is hoped that the settlement legislation can be amended to reduce the risk of imparting this burden of cost to the contractors. Exploration of this possibility is the major focus of the group at this time. This item, while important, is only one of the objectives within the larger picture – negotiate the form of the 9(d) contract with Reclamation. The process of negotiation is expected to take six months or so. 9(d) contracts are expected to be executed by June of 2010 which will provide contractors with approximately six months to arrange financing and pay off the capital in a lump sum (on January 31, 2011) or in four equal annual installments January 31 of 2011,2012,2013,2014). Relief from certain provisions of RRA will not apply until the final payment is made (for each individual contractor).

11. OCID Draft Reorganization Policy

The Board considered the draft policy and the input of Esquire Gary Sawyers on the document. The Board did not object to any of the details associated with the document. Director Brown made a motion to adopt the Draft Policy. This motion was seconded by Director Miller. The Board voted unanimously to adopt the Policy, replacing the former policy.

12. Friant Water Authority/Friant Water Users Authority Issues

No attorneys were engaged in the discussion of these matters and therefore the discussion was held in open session. Manager Morrissey discussed the general progress in the mediation process. The Board will ultimately be provided with a document summarizing the process and a resolution for their consideration, to adopt the principals agreed upon during mediation. This is expected by the May Board Meeting.

A vote on the Omnibus Lands Bill (of which the SJR Settlement Legislation is a part) on Motion to Suspend the Rules and Pass, as Amended (requiring a 2/3 majority to pass the House) occurred during the Board Meeting. 2/3 majority passage failed by two votes. The Bill will be brought back under normal rules where it is expected to pass. It will then move to the Senate and ultimately be signed into law by President Barak Obama; all of this expected to happen in the next few weeks.

13. Return to Open Session

As the Board did not move into closed session, this action was not applicable.

14. Water Supply Strategist

The January and February WSS was discussed with the Board. No action was taken.

15. Personnel Issues

The Board voted unanimously in favor of adopting Resolution 2009-2, to recognize 25 years of outstanding work, commitment and effort by Operations and Maintenance crew member Mr. Arthur Pipkin.

With no further business to discuss, the Board of Directors meeting was adjourned at 2:40 P.M. with the next scheduled meeting to occur on Wednesday April 8, 2009 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, April 8, 2009. The Meeting was called to order at 11:52 A.M., with the following Directors and Officers present:

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

Officers: Fergus A. Morrissey, Engineer-Manager
Robert T. Ramirez, Controller/Treasurer
John Sanders, Operations Supervisor

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

1. Call to order

The regular Board of Directors meeting for April 2009 was called to order by Director Bailey at 11:52 A.M. Director Brown was absent.

2. Additions to and approval of the Agenda.

The Agenda was approved as provided in a motion by Director Katayama. This motion was seconded by Director Miller. All Board members present voted in favor to approve the agenda.

3. Public Comment

No members of the public were present and no public comment was made.

4. Approval of the Minutes

Director Collin offered a motion to approve the Board Meeting minutes as prepared for the March 2009 meeting held on March 11, 2009. Director Katayama seconded the motion and the Board expressed unanimous agreement.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Bills totaling \$246,872.08 were presented. Controller Ramirez noted that a large number of water deposit refund checks were issued in an attempt to minimize water users misconstruing an existing monetary balance as a water supply balance. Payment to Sierra Consulting in the amount of \$850 was noted as being necessary (as well as charges incurred by programmer Wilson) as a result of Dalia Cantu's download of a program onto her desktop that interfered with the operation of the Microsoft Access based water accounting program. While the damage done to the system was not intentional, because she had been asked previously not to download programs, the Board was concerned. Controller Ramirez assured the Board that she understood the consequences and would refrain from any future downloading activities.

Supervisor Sanders discussed Concepts and Controls' charges associated with a VFD (variable frequency drive) repaired on System 9. Director Bailey asked if VFD failure was a function of wear or use. Supervisor Sanders indicated that with this type of electronic device, he was not aware that it was a wear issue but that these devices generally last 10 to 15 years before they need to be replaced.

Director Miller inquired if Turner & Associates Insurance Agency was the regular insurer of the District's automobiles. Controller Ramirez indicated that they indeed were. Directors Miller and Katayama brought up a discussion on the Minasian (et. al.) legal bill regarding various charges that may have resulted from direct communication from other districts for which all clients would be sharing. Manager Morrissey expressed to the Board that when a home board attorney works on an item specific to a district, those charges are not distributed to all clients. Alternatively, when a district manager brings up an issue of relevance to all clients and or contributes comments on issue(s) relevant to all clients, all clients share in the legal expense. Director Katayama accepted Manager Morrissey's opinion on this matter and no further discussion ensued.

Director Miller moved to pay the bills. Director Katayama seconded the motion to pay the bills and the Board voted unanimously in favor of paying the bills.

6. Monthly Report

Supervisor Sanders went over the monthly O&M Report, noting that the tower construction was complete and fully operational. Director Katayama indicated that the water delivered to him out of Reservoir 13 was very silty. Director Miller asked Supervisor Sanders to explore the potential for the landowner with whom there is an agreement associated with this Reservoir, to see if there was a way to restrict cattle access to minimize turbidity / water

quality impacts. *Supervisor Sanders indicated that he would explore the issue with the landowner (Hyde).*

Controller Ramirez went over the accounting monthly report. He noted that the delinquent stand-by charges (\$52,529.08) was significantly higher than the previous year (\$21,478.67) speculating that this was a reflection of the state of the economic recession and generally poor economy. Controller Ramirez noted that there were only two delinquent water user accounts, outlets for which are locked. Controller Ramirez noted that March water deliveries total 202 acre feet, 34,663 acre feet had been reserved for the 2009 Bureau water year and at 85% allocation, the District would have a net supply of 42,721 acre feet.

It was noted that the present LAIF balance (as of 3/31/2009) is \$7,492,005.61 and that the interest rate is approximately 1.75% at this time.

It was noted by Controller Ramirez that Bureau Representatives would be conducting it's five year RRA audit beginning on April 13th and ending on April 15th.

Controller Ramirez noted that the District received a "President's Special Recognition Award from ACWA JPIA for its low ratio of paid claims case reserves to Deposit / Premiums.

7. Five Year Capital Budget

In April of 2008, the Board discussed various capital projects: a backhoe parking cover, a carport expansion, a SCADA tower, and two laptop computers for field operations. At that time, Director Brown offered a motion to not exceed \$20,000 for these capital expenditures. The motion was seconded by Director Katayama and unanimously approved by the Board. During the April 2009 meeting, Supervisor Sanders provided a detail of actual costs for these projects, revealing that the budget authorized, was exceeded by \$3,226. It was explained that the overrun stemmed from a significant departure from the physical tower cost and inspection costs pursuant to City of Orange Cove Permit requirements. The end product, while more costly, provides a higher quality tower, the reduced liability of which when weighed against the greater cost, was considered by the Board to be a worthy expense. Director Katayama offered a motion to approve the expense overrun. This motion was seconded by Director Miller and voted unanimously in favor of by the Board of Directors. It was noted to the Board that contractor bids of \$60,000 were obtained for the tower alone. Considering this fact, the District received a tremendous value for the money spent.

Supervisor Sanders proposed to the Board that an old inventory item, a power logger that was secured when the Fishwater Plant was first enabled and used to threaten to demonstrate to PG&E that the power they were supplying to the FWR Plant was unsatisfactory, be disposed of. W&E Electric has a need for the unit and is willing to provide their services equal to a value of \$800 dollars in exchange for the unit. W&E will provide the District with the use of the unit should it have a future need. Director Miller motioned in favor of disposing of the unit and Director Katayama seconded the motion. All Directors voted in favor of the action.

Several miscellaneous capital budget items were discussed, including:

- a. Storage / Break Room/Meter Shop Improvements - \$30k (worksheet was not updated from \$15k)
- b. Digital Meters at the Pump Stations - \$50k (grant for 1/2)
- c. Fishwater Release SCADA Upgrades/Improvements - \$20k
- d. Vehicles - \$30k in 2010 for two 1/2 ton trucks.
- e. New Phone System \$4.5k
- f. Office Improvements - \$9.5k

While the Board had no specific input on most of the above items, they did direct staff to acquire three bids for Office Improvements which would include removal of the glass eastern wall of the building, replacing it with an insulated conventional (2x6/insulated drywall) wall with windows at the top.

8. Water Management

Manager Morrissey looked for input from the Board relative to a potential water transfer to San Luis Water District. The pay structure of the preliminary agreement therewith, included a scaled price schedule based on South of Delta CVP allocation. At the present allocation (0%) the price would be \$470 per acre foot. Manager Morrissey inquired if the Board would consider receiving a lesser price for the transaction. The Board authorized Manager Morrissey to negotiate a lower price in order to extend consideration to those farmers on the west side of the valley in desperate need of water.

Manager Morrissey discussed with the Board the potential to do a short term Friant

sponsored exchange on the west side of the valley made possible by a potentially approved Consolidated Place of Use Petition, in which Friant Contractor water would be returned at 120% of the amount provided. This was possible due to the water quality benefits that could be derived from the end user. The Board authorized Manager Morrissey to explore more details and consider a transfer in the amount of carryover (3-5 TAF) to be carried in San Luis Reservoir for return next year.

9. Electrical Power

Manager Morrissey discussed the general status of power operations. It was noted that the FPA was expecting an excess revenue generation distributable to Orange Cove Irrigation District of only \$122k. Manager Morrissey told the Board that he would find out why the estimated quantity was so low.

10. Detachment

Manager Morrissey indicated that the Reorganization was progressing with the last bits of property inclusion information (surveys and legal descriptions) being completed.

11. Mediation Efforts

Manager Morrissey indicated that the mediation efforts were continuing and that there were some additional discussions concerning the distribution of recovered / recycled water. This issue has caused the bulk of the negotiations. It is expected that at the next Board meeting, the issues will have been resolved and a document / resolution will be provided to the Board for their consideration and acceptance of the details associated with impact and mitigation allocation or assignment.

12. 9(d) Contract Conversion

Manager Morrissey informed the Board that the 9(d) technical group was crafting amendments to the legislation (in so far as Contract conversion is concerned) to fix the Discount Rate, a parameter to be used in the calculation of principal due, at a value equal to its historic average as opposed to its currently depressed value. Manager Morrissey floated the idea of volunteering Director Collin to act in the role of Contract Negotiator for the District during the 9(d) conversion process. Since no Director objected, including Director Collin, it shall come to pass.

In light of the uncertainty associated with cost of refinancing of the capital obligation, *the Board suggested sending out a notice on or around May 15th informing the landowners that a 218 election may be necessary relative to the potential for an increase in water costs as a result of the early payment of the District's capital obligation under uncertain terms.*

During this general discussion the Board suggested that it would be a good idea to *provide landowners in the District with information relative to the breakdown of water costs (i.e. restoration costs, Bureau Capital costs, Bureau O&M Costs, District General and Administrative Costs, etc...). The Board also suggested informing the landowners of the various activities in the power generation realm, undertaken by the District and the benefit that those projects have on their cost of water.*

Manager Morrissey indicated that he would put something together for the next Board Meeting.

13. Mill Creek

A short discussion on Mill Creek resulted in the decision for a letter to be drafted and sent to Mr. Tim Smith and Mr. John Patrick regarding the District's position that resolution of the issues of uncertainty underlying the "right of first refusal" and alternatives for the District to waiver from initial "Plan"ed disposition of the water right. Presently, each Party has the other stymied. The District will *convey by letter to the parties, the need for resolution one way or another, i.e. monies returned to the District, or freedom for the District to explore opportunities and put the water right to a beneficial use under an alternative besides the no longer feasible or possible Plan.*

Manager Morrissey will work with legal counsel, Gary Sawyers, on this letter.

14. Friant Water Authority Issues

A discussion of the status of the Milfoil aquatic weed in the Friant-Kern Canal took place, wherein Manager Morrissey informed the Board that the Friant Water Authority was advancing toward a scientific study with UC Davis and in talking with their Construction and Maintenance Manager, they were willing to try various screening techniques as an interim solution. Manager Morrissey was informed that because the FKC was in the 100 year flood plain, it could not be stocked with grass carp pursuant to California Department of Fish and Game regulations and prohibitions by the Bureau of Reclamation.

Manager Morrissey discussed with the Board, a potential lawsuit contemplated by the San Joaquin River Group Authority and State Contractors against landowners in the South of Delta Water Agency and Central Delta Water Agency jurisdiction that are illegally diverting San Joaquin River flow under a claimed riparian right, which they do not have, according to much research done by the SJRGA Attorney, Tim O’Laughlin. This is considered a very important step to be taken for myriad reasons, including but not limited to:

- Illegal diversions remove water supply from the Delta.
- Illegal diversions result in reintroduction of tail-water into the Delta, compounding water quality degradation in the Delta.
- Inability to meet Delta Water Quality standards results in Delta pumping restrictions impacting State, South of Delta CVP, Exchange Contractors and therefore Friant Contractors.
- Degraded Water Quality harms the Delta environment, including potentially the health of Endangered Species.
- Illegal diversions, unscreened and there are thousands of them, have the potential to take Endangered Species.
- Illegal diversions put water supply of the Friant District at risk as additional flow releases from the SJR are a potential water quality improvement instrument that the State Water Resource Control Board considers is at their disposal.
- Assumed right of landowners gives them the false impression that they don’t need to engage in the Delta solutions and in fact assert their opposition thereto.
- Imparting an understanding to the illegal diverters will force them to the table of cooperation, as far as a Delta solution is concerned.

15. Madera Irrigation District

Manager Morrissey briefed the Directors on the status of the MID claim to superior water right from the Friant Division - a claim of an average of 172,000 acre feet (would require a 47% Class 2 declaration for them to get a total of 172 TAF). This issue is being treaded lightly upon by Friant Water Authority Attorneys (MID is not a member of the Friant Water Authority). The objective is to keep the issue outside of and from complicating the (9d) Contract negotiation process with a strict time track which could be derailed by this issue being folded into that process.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:46 P.M. with the next scheduled meeting to occur on Wednesday May 13, 2009 at 11:45 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, May 13, 2009. The Meeting was called to order at 11:40 A.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, President
David Brown
Russell Katayama
Arlen Miller

Officers: Fergus A. Morrissey, Engineer-Manager
Robert T. Ramirez, Controller/Treasurer
John Sanders, Operations Supervisor

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

1. Call to order

The regular Board of Directors meeting for May 2009 was called to order by Director Bailey at 11:40 A.M. Director Collin was absent.

2. Additions to and approval of the Agenda.

A modified agenda, posted more than 24 hours prior to the regularly scheduled Board Meeting, was motioned for approval Director Brown. This motion was seconded by Director Miller. All Board members present voted in favor to approve the modified agenda.

3. Public Comment

No members of the public were present and no public comment was made.

4. Approval of the Minutes

Director Miller offered a motion to approve the Board Meeting minutes as prepared for the April 2009 meeting held on April 8, 2009. Director Katayama seconded the motion and the Board expressed unanimous agreement.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$232,797.65 were presented. Check number 14448 to Alta Pump Company was noted by Director Brown not to have a cost per hour breakdown. This question gave rise to further discussion relative to securing multiple bids for contracting services whereby it was decided that multiple bids should be secured for non-emergency repairs greater than \$5,000. Director Brown suggested securing other bids from pump companies such as C.J. Hammer and Willits, both located in Visalia.

Controller Ramirez noted surveying charges of \$5,330 associated with Zerlang's work on Hayhurst and Gillette. Controller Ramirez also noted the payment of \$403.16 to Environment Control.

With no further questions or concerns expressed by the Board, Director Katayama offered a motion to pay the bills as presented. This motion was seconded by Director Brown and the Board voted unanimously in favor of doing so.

6. Monthly Report

Controller Ramirez went over the list of Stand-by Charges totaling \$44,991.92 as of April 30, 2009 noting that Citro-San had paid its delinquent amount. Controller Ramirez noted that this level of delinquency is higher than normal for this time of the year. As of April 30, 2008, the delinquent amount was \$19,914.48. Controller Ramirez noted that only two remaining customers have delinquent water accounts, Padilla and Soria. Meters associated with these individuals have been locked.

Controller Ramirez noted that through April, the District has delivered 1,894 acre feet of water, which is considered carryover supply. Based on a 100% Class 1 declaration, this leaves 48,399 acre feet of remaining supply for the 2009 water year.

Controller Ramirez went through a recapitulation of variance between the Districts individual grower meter summation and that reported to the Bureau of Reclamation by the Friant Water Authority for the 2008 water year through December 2008. The bottom line of this comparison shows a variance of approximately 4% which is in accordance with the limits of meter accuracy.

Revenues from the Fishwater Release and FPA power projects are tracking within normal limits. The FPA generation for the month of April was very high as is the expected generation that will occur during the month of May. The original estimated revenue generation provided by Bill Carlisle, it appears will be greatly exceeded based on going from an 85% Class 1 declaration to an effective declaration of approximately 20% Class 2, which will be largely moved as uncontrolled season deliveries to avoid reservoir spill.

Controller Ramirez noted that the balance in LAIF is \$7,526,314.62 and that the rate of return for quarter ending March 31, 2009 is 1.91%.

Controller Ramirez provided the Board with an actual to budget comparison for year end December 31, 2008. The Board noted a large amount of unfavorable variances among the budget categories. Controller Ramirez explained this observation, as it is based on a budgeted water sale of 30 TAF, whereas the actual water sales for the 2008 water year were closer to 27 TAF

Supervisor Sanders discussed the O&M End of Month Report. He noted that construction of the column in the front of the building which was installed to prevent further sagging of the cantilevered overhang as well as the construction of a new, code compliant, stairway needed for access to the loft area in the old District office building.

A discussion on establishing a District website was initiated by Director Brown. It was agreed that it was time to develop this tool for the benefit of the growers. *Staff was directed to determine costs associated for a range of functionality including basic information dissemination to complete customer services including water orders, billing, etc....so that growers would be able to have full access to their personal account information.*

Director Brown motioned to authorize staff to spend up to \$10,000 on the development of a website for the District if it was determined, based on the research that such a tool could be provided for this amount. It is desired that the website would be able to offer customer information such as; balance due for water and rehab charges, meter reading, water available based on previous meter reading and the placing of water orders. This motion was seconded by Director Katayama and approved unanimously by the Directors. If research determines that the development costs are greater than \$10,000, the Board will provide future direction.

Director Katayama brought up a discussion on Orlopp / Caviglia Farms and the construction of Reservoir Number 4 on their property (System 8) several years ago. The question at hand was with regard to the agreed upon compensation mechanism for the landowners in consideration for use of that land for a District reservoir. There was some question as to whether or not land was to be brought into the District in return for allowed land use, or on the other hand if money was paid to the landowner(s) in exchange. Controller Ramirez researched the question during the meeting and the relevant Board Meeting minutes revealed that money was the compensation and there was no obligation for the District or commitment by the District to annex land into the District in return for the dedicated land use. A copy of the minutes was provided to Director Katayama so that he could share this information with Mr. Caviglia, who has a desire to bring land into the District.

Director Brown noted the inferior quality of the water and he expressed extreme discontent relative thereto. The Board reiterated its position that it could not wait two years for a solution to the weed problem/water quality problems associated with Project water delivered by the Friant-Kern Canal. Manager Morrissey discussed that he would maintain pressure on the Friant Water Authority so they might achieve their goal in an expedited fashion.

7. **Electrical Power**

Manager Morrissey conveyed to the Board that the agreement in affect between the Department of Fish and Game and the District (via transfer from the FPA) obliges the District to be responsible for maintenance of the Department of Fish and Game's pipeline (to the aerator) as well as for the aerator. The agreement / contract is clear that this is the case and this understanding is different than the premise the District has been operating under for the last several years. It is not certain at this time whether or not this is an issue with respect to the pipeline, however, Supervisor Sanders indicated that it is an eminent issue with respect to the aerator system.

Manager Morrissey noted that the District was in discussion with the DF&G relative to their desire to expand the hatchery to a 50 cfs facility that will be used for salmon production in association with the San Joaquin River Restoration. Manager Morrissey indicated that developments would be emerging relative to the details of this potential in the near future and that the process will be guided in a direction that protects and enhances the interests of the District.

8. Water Management

Manager Morrissey expressed to the Board the challenges that this year's ever changing water supply outlook has had on Millerton operations. Manager Morrissey noted that the last several weeks were spent trying to preserve the District's carryover storage in Millerton in light of an eminent spill / declaration of short term Class 2 followed by declaration of a full "uncontrolled season" by the Bureau. Manager Morrissey was able to report to the Board that the carryover water was preserved and that a 5,000 acre foot transfer was entered into with Tulare Irrigation District, in order to get the carryover water out of Millerton before it would be lost to spill or by virtue of a call to the end of uncontrolled season by the Bureau (either of these events would harm carryover in Millerton).

Manager Morrissey expressed that based on the 100% Class 1 year the District would have additional water for transfer to another district. Because there remains the possibility of a negative effect on the Class 1 declaration stemming from the amount of Class 2 water moved during uncontrolled season, Manager Morrissey suggested to the Board that the quantity that may be available for sale should not be determined until Millerton is under control and noted to the Board that Madera Irrigation District was interested in securing additional water for their "subordinate" lands (Subordinate lands in Madera I.D. were lands originally in that district, which subsequently were requested to be let out of the district, and later asked to be brought back in – because of that historical decision, those lands may receive only water supplies surplus to Madera's core demand and are subject to paying market price for water supplies).

9. Investment Policy Statement

The Board of Directors were each provided with a copy of the existing IPS for the District. After a brief discussion, it was concluded that no changes to the Policy or the document were necessary

10. Financial Contributions

Manager Morrissey discussed with the Board their predilection for providing financial support to various agencies, including; Family Farm Alliance, Agricultural Water Management Council, Pacific Legal Foundation and the Agricultural Energy Consumers Association. ***The Board instructed District staff to support the Family Farm Alliance at an annual contribution of \$500.*** No support for any other listed agency was expressed by the Board.

11. Deferred Compensation Plan Restatement

Manager Morrissey informed the Board of Directors that VALIC, in order to comply with new laws, to update the plan and to include provisions that give the deferred compensation plan participants more flexibility, was endeavoring in a plan restatement. Controller Ramirez and Manager Morrissey expressed to the Board that these changes would not impact the District and were being considered only to benefit plan participants. Manager Morrissey expressed to the Board that in order for VALIC to affect the necessary changes, Manager Morrissey is required to complete a Certificate of Resolution, indicating that the Board has resolved to permit the plan restatement. ***The Board of Directors unanimously voted to authorize Manager Morrissey to execute the Certificate of Resolution necessary for VALIC to restate the plan in accordance with the information conveyed to them relative to overall improvement of the plan and lack of impact on the District's financial obligation.***

12. FWUA/Friant Water Authority Issues

a. SJR Settlement

i. Proposed Mediation Agreement

Manager Morrissey discussed the Mediation Agreement document included in the Board Packet. After a brief discussion, the ***Board voted on Resolution 2009-1, approving the Proposed Implementation Agreement of the San Joaquin River Settlement which was the product of the mediation process among 25 out of the 28 Long Term Friant Division Contractors.*** The following votes were cast:

Director Bailey – Aye
Director Brown – Aye
Director Katayama – Aye
Director Miller – Aye
Director Collin – Absent

ii. Landowner Information Document

Manager Morrissey provided the Board with a draft of an information document intended for distribution to District landowners. Based on the discussion, a few suggestions were noted, including correcting an error in the table delineating the cost components associated with delivery of Contract water to landowners in the District. *The document was approved relative to content and Manager Morrissey was instructed to mail out the transmittal.*

13. Original Office Building Rehabilitation

Manager Morrissey described to the Board of Directors the plans associated with rehabilitating the original District office building. The building will be converted into a useful employee lounge and a field office. The Board had heretofore approved expenditure of up to \$30,000 to improve the structure. Supervisor Sanders has secured quotes and materials to date that demonstrate the entire project is achievable within the budgeted / approved amount. The Directors were given a brief tour of the improvements constructed to date and were provided with a visual feel for the final outcome. The Board was provided with an estimated breakdown of material costs, including an air conditioning/heating unit. The total estimated cost is projected to be approximately \$18,500, which is substantially less than the budgeted amount. No action was taken with respect to this project and the Board appreciates resurrecting the original office space into a modern usable space that will serve the Districts needs in a very cost effective manner.

14. Reserve Fund Investment

Manager Morrissey proposed to the Board that the reserve fund (approximately \$1.1MM) for the water revenue bonds sold to refinance the 1996 Certificates of Participation be invested in a series of 5 year brokerage CD's, in accordance with permitted investments pursuant to the Indenture of Trust for these bonds. Resolution 2009-4 was provided to the Board for their consideration to authorize such action, i.e. investment of reserve fund in an FDIC insured investment vehicle. *The Board voted unanimously in favor of such action, as the CD rates at the time are very close to the maximum allowable return on investment, namely the bond yield (3.57%), without requiring the payment of arbitrage.*

In order to open these CD accounts with National Fidelity Services, the Board members were asked to provide information on certificates of resolution, which was sensitive in nature. *The Board members were not willing to provide this information and instructed Manager Morrissey to find an alternate CD investment strategy for the reserve fund that would not seek this personal information from them.*

15. Board of Directors Election

Manager Morrissey provided Resolution 2009-03 to the Board for their consideration relative to odd year Board of Director seats up for Division No.'s Three and Five in the County of Tulare. The Board members cast the following votes on Resolution 2009-03:

Director Bailey – Aye
Director Brown – Aye
Director Katayama – Aye
Director Miller – Aye
Director Collin - Absent

With that vote, Resolution 2009-03 passed unanimously and Manager Morrissey was instructed to submit the paperwork needed by Tulare County.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:10 P.M. with the next scheduled meeting to occur on Wednesday June 17, 2009 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 17, 2009. The Meeting was called to order at 11:46 A.M., with the following Directors, Officers and Public present:

Directors:	Harvey A. Bailey, President Henry "Gus" A. Collin, Vice-President David Brown Russell Katayama Arlen Miller
Officers:	Fergus A. Morrissey, Engineer-Manager Robert T. Ramirez, Controller/Treasurer John Sanders, Operations Supervisor
Public	James Chandler, Consultant Joe Mastro, CPA (arrived at 13:00 hours)

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

1. Call to order

The regular Board of Directors meeting for June 2009 was called to order by Director Bailey at 11:46 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey suggested addition of a discussion on the Mill Creek water right to follow Agenda Item 6 (Monthly Report) to bring Jim Chandler up to date in advance of a teleconference to be held at 15:00 hours with the Mill Creek Conservancy and the Los Molinos Mutual Water Company. Manager Morrissey suggested deleting Agenda Item # 8 (Water Management) indicating that he would provide a general discussion of this topic in the Manager's Report as part of Agenda Item # 6. Manager Morrissey noted that the item in the Board packet # 13, should be changed to # 7 as it pertained to the forthcoming Mill Creek discussion.

Director Brown motioned and Director Miller seconded the motion to approve the Agenda consistent with Manager Morrissey's recommendations. The Board voted unanimously in favor of the motion.

3. Public Comment

No public comment was made.

4. Approval of the Minutes

Director Katayama offered a motion to approve the Board Meeting minutes as prepared for the May 2009 meeting held on May 13, 2009. Director Brown seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$430,584.27 were presented. Director Katayama asked if the Auditor, Joe Mastro, was under a contract to the District for his services. Controller Ramirez indicated that he was performing services in the second year of a three year contract. Director Brown asked Supervisor Sanders why the Concepts In Controls bill had been reduced by \$157.50. Supervisor Sanders indicated that he had demonstrated to Concepts In Controls that the time billed was greater than appropriate due to an error on their part that required additional time be spent.

No other significant discussion ensued regarding the bills incurred by the District. After discussion of the bills, Director Miller offered a motion to approve the bills. The motion was seconded by Director Katayama and unanimously approved by the Board.

6. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges totaling \$40,727.10 as of May 31, 2009 noting that several accounts had been paid since the previous Board meeting. Controller Ramirez informed the Board of Directors at following receipt of the second installments for water and Stand-by charges, which are to be postmarked or received by the District on or before June 20th, research would be done (including but not limited to ownership changes) to identify individuals/entities to which a letter would be sent indicating that the delinquency has caused the District to pursue a Certificate of Sale on the associated parcel.

Controller Ramirez noted that last years delinquencies at the same time period were less than half of this years delinquencies. Controller Ramirez summarized new charges incurred by landowners and receipts from Fresno County totaling \$12,992.00 pertaining to the Teeter-Tax had been received.

Controller Ramirez indicated the discrepancy between the Friant Water Authority meter readings and the Districts meter readings for the month of May were off by a total of 216 acre feet to the Districts detriment. This minor difference is attributable to the fact that the Friant Water Authority's readings occurred two days following the District's and the usage for the month has been approximately 100 acre feet per day.

It was noted that Kings River Siphon Hydropower production was down this year relative to last. Consultant Chandler indicated that this was so because at high flows there is little head difference across the Kings River Control Structure and therefore less power generation has occurred this year as a result of the very high FKC flows during April.

Controller Ramirez noted that through May, the District has delivered 5,031 acre feet of water in the District. Transfers to date totaling 6,875 acre feet have occurred in addition thereto. Based on a 77% Class 1 allocation, there remain 26,179 acre feet available to the District, excluding transfers back to the District from Tulare I.D. from last year which amount to 1,500 acre feet. Manager Morrissey indicated that the 77% Class 1 allocation was a conservative number and that he expected the allocation would increase to somewhere in the low 90% range.

Controller Ramirez recapped the District's LAIF Fund balance. Presently the District has \$5MM in General Fund Designations and \$2.519MM in Operating Fund Reserves. The LAIF Balance at this time is approximately \$7.526MM earning 1.53% as of May 31, 2009.

Controller Ramirez summarized the expenditures to budget amounts to date. He indicated that the District is not over budget on any item at this time and that the proportional expenditures based on fraction of the year consumed, do not accurately reflect budget status as expenditures are not linear over the year. Based on the review, there are no areas of concern for expenses incurred to date relative to the 2009 budget.

Controller Ramirez noted that the RRA Audit Water District Review Report was in the packet. Director's Brown and Miller noted the thoroughness of the WDR Report was most impressive. Manager Morrissey indicated that the District had responded in a timely manner relative to all concerns in the WDR, to the extent they were not limited by lack of information provided by a particular landowner. No further discussion on this topic was deemed necessary.

Supervisor Sanders discussed his O&M Monthly Report indicating that general repairs were made in the field, including a pipeline damaged by workers hired by Paul Lawson during the time period when he stepped away for a brief period of time for lunch, and that progress was being made on the employee lounge / Operations office in the original District office building. There was a brief discussion on the contractor, Mr. Vetter, who was the low bidder for improvements planned for the Board Room. Manager Morrissey indicated that Mr. Vetter did not have the proper liability insurance and that issue needed to be resolved before he could begin work. Director Miller suggested that no additional time be wasted if Mr. Vetter was not attentive to the project, and that the District not delay hiring the next lowest bidder to get the job done. Supervisor Sanders indicated he would talk to Mr. Vetter and let him know that further delays will cause the work to be performed by others.

Manager Morrissey went over several items with the Board of Directors, including the water supply declaration being dropped to 77% Class 1 due to abnormally high May runoff into Millerton Lake (350 TAF vs. a normal of 130 TAF). As stated, Manager Morrissey informed the Board that he did not expect any impact from this based on the position the District is currently in and the expectation that the declaration will go back up to 90+%.

7. Mill Creek Water Right

(Pre-Conference Call – 12:30 P.M.)

Mill Creek status was reviewed with Consultant Chandler, including the appraisal done on the Jones Prune Orchard. The District's overriding concern with the appraisal is inadequate quantification / credit for water right. Given that the right represents an estimated 6,000 acre feet and the Conservancy (Mill Creek) is willing to allow for payment of a fraction thereof (roughly 700 acre feet) The Jones Prune Orchard appraisal ascribed a per acre foot price of approximately \$1,100. Based on this quantity and unit price, the District would lose money on the deal and therefore this value is considered too low. General price point acceptance was discussed, however there was not consensus on an acceptable value. Director Brown

suggested \$3MM. Director Collin and Katayama preferred to structure a deal along the line of a long term lease, in order to exercise any salvage rights of water and or a sale which leaves the water in Mill Creek but preserves the salvage right for the District.

The conference call to take place later in the day is, according to Burt Bundy with the Conservancy, a last ditch effort to see if any deal can be struck with the District on sale of the water right to the Conservancy before the impending retirement of Michael Heaton with the Bureau and the pursuit of other opportunities by the Conservancy.

(Conference Call 3:00 P.M.)

At 3:00 P.M. the District hosted a conference call. Those calling in included Burt Bundy (representing the Mill Creek Conservancy), Jim Lowden and Darrel Mullins (both representing Los Molinos Mutual Water Company). The discussion concluded with Mr. Bundy requesting a satisfactory price / terms that the District is willing to accept for the water right. Manager Morrissey has been directed to analyze the options and make a recommendation to the Board for the water rights disposition.

8. Electrical Power

Manager Morrissey discussed the Friant Road widening project being undertaken by Fresno County and the disturbing report he received from a Supervisor Sanders' report who attended a recent (June 10) preconstruction meeting with Fresno County and their contractor (Teichert Construction) wherein Fresno County asserted that the contractor would not be liable for any damage to the Hatchery pipeline, under any circumstances including negligence. Manager Morrissey informed the Board that he had contracted Esquire Jeffrey Meith of the District's General Counsel Minasian, Spruance, et al. al. as well as the Department of Fish and Game concerning this issue and would be taking action (including preparation of a letter to the contractor) to minimize the potential for a mishap and to put the contractor on notice that they would be liable for damage to the pipeline if they were negligent.

Additionally, Manager Morrissey informed the Board that the District's staff and the Department of Fish and Game staff will coordinate observation and documentation of the activities of the contractor during the construction which is expected to being on June 29th to reduce the likelihood that an accident occurs. Manager Morrissey expressed to the Board that if the project was done according to plan, the pipeline would not be threatened as it would not be exposed to the surface by any less than 18 inches of cover. It was suggested that the District obtain a set of project specifications for the record.

Relative to the Fish Water Release hydro power plant, Consultant Chandler suggested vetting the idea of the Friant Power Authority's assigning 15 cfs to the District to take advantage of additional flows that may be passed to the DFG Hatchery as a result of their development of a salmon hatchery at their San Joaquin River facility.

9. 215 Temporary Water Supply Contracts

The Board of Directors voted to adopt a resolution to enter into a 215 Temporary Contract with the Bureau of Reclamation for the 2009 Water Year. The following roll call vote was recorded:

Director Bailey – Aye
Director Collin – Aye
Director Brown – Aye
Director Katayama – Aye
Director Miller – Aye

10. 2008 Year End Audit Report

Joe Mastro CPA arrived precisely on time for his 2008 financial statement audit report to the Board of Directors. Mr. Mastro was pleased to report to the Board that the financial statements audited by him present fairly, in all material respects, the financial position of the District as of December 31, 2008 and 2007 and the respective changes in financial position, and cash flows thereof for the year then ended, are in conformity with accounting principles generally accepted in the United States as well as accounting systems prescribed by the State Controllers' Office and state regulations governing special districts.

Director Brown made a motion and Director Miller seconded that motion to accept the Audit Report provided by Mastro and Associates. The Board voted unanimously in affirmation of that motion.

11. Brokerage Certificates of Deposit

Manager Morrissey discussed with the Board an alternative (to LAIF) for investing approximately \$4MM of the District's reserve funds. Because there remains a risk of exposure of the District's LAIF funds being borrowed by the State of California to resolve the budget crises and the fact that the return on LAIF invested funds are dismal (as previously stated 1.53%) Manager Morrissey requested feedback from the Board relative to investing in FDIC insured Brokerage CD's. Returns for four year term CD's are running around 3.25%, while 1.5 year CD's are equivalent to the existing LAIF return. Manager Morrissey explained the potential market risks in liquidating a 4 year term CD prior to its maturity. While these risks are considered slight, the Board of Directors' primary concern is preservation of principal and therefore authorized investing in a laddered FDIC Insured CD portfolio to avoid market exposure risks. Director Miller offered a motion to invest up to \$4MM in laddered 1.5 year to 4 year term FDIC Insured Brokerage CD's. This motion was seconded by Director Collin and the Board voted unanimously in favor of this pursuit.

12. Website – Customer Interface Portal

Manager Morrissey discussed with the Board True-Point Solutions Web-based customer portal software. Based on the \$83M price tag, the Board deferred approving moving forward with this option. Manager Morrissey indicated that they would pursue development of a web site which could be done very cost effectively (for less than \$1M) and develop more sophisticated capability relative to customer interface over time as more options become available. Manager Morrissey will pursue a Water Conservation Grant (50% Cost Share) from the Bureau to see if that is an option for funding True Point Solutions software package, which the Board may consider at a later date.

13. FWUA/Friant Water Authority Issues

Manager Morrissey briefly discussed the Delta Tour attended by Directors Bailey, Collin and Katayama. Manager Morrissey provided a handout to the Directors, summarizing the position of the California Public Policy Institutes Report – Comparing Futures for the Sacramento – San Joaquin River Delta. The report essentially promotes the development of the peripheral canal as the Delta is an accident waiting to happen and is ultimately unsustainable given its geographic fragility especially with respect to rising sea level and earthquake potential.

Closed Session – Personnel Issues

The Board of Directors went into Closed Session at 4:40 P.M. to discuss District personnel issues.

Return to Open Session

The Board returned to open session at approximately 4:58. The Board of Directors agreed with the recommendations of Manager Morrissey concerning merit increases and or general salary adjustments for staff. Director Brown made a motion to accept the recommendations of Manager Morrissey. This motion was seconded by Director Collin and voted for unanimously by the Board of Directors.

With no further business to discuss, the Board of Directors meeting was adjourned at 5:00 P.M. with the next scheduled meeting to occur on Wednesday July 8, 2009 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, July 8, 2009. The Meeting was called to order at 11:49 A.M., with the following Directors, Officers, Legal Counsel and Public present:

Directors:	Harvey A. Bailey, President Henry "Gus" A. Collin, Vice-President David Brown Russell Katayama Arlen Miller
Officers:	Fergus A. Morrissey, Engineer-Manager Robert T. Ramirez, Controller/Treasurer
Legal	Gary Sawyers, Sawyers and Holland, LLP
Public	None Present

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

1. Call to order

The regular Board of Directors meeting for July 2009 was called to order by Director Bailey at 11:49 A.M.

2. Additions to and approval of the Agenda.

No additions to or modification of the agenda were suggested. Director Brown motioned and Director Katayama seconded the motion to approve the Agenda as provided. The Board voted unanimously in favor of the motion.

3. Public Comment

No public comment was made.

4. Approval of the Minutes

Director Collin offered a motion to approve the Board Meeting minutes as prepared for the June 2009 meeting held on June 17, 2009. Director Katayama seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Closed Session – Real Property Negotiations – Mill Creek Water Right

The Board of Directors went into closed session to discuss this issue with Legal Counsel Esquire Sawyers at 11:50 A.M.

6. Open Session – Return from Closed Session

The Board returned to Open Session at 1:11 P.M. with no reportable action.

7. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$1,097,956.76 were presented. Controller Ramirez noted several Stand-by duplicate payments stemming from payment by impound account. Controller Ramirez noted that two equal catch-up payments for the Water Revenue Bond principal and interest debt service were made since the previous Board Meeting, totaling \$638,361.60 (\$319,180.80 each). Future monthly debt service interest payments will be significantly less (approximately \$130,000) than this amount. Director Collin noted a \$5,005 payment to Pape' Machinery, Inc. for a service contract. Manager Morrissey noted that this service contract was established in order to utilize residual state grant funding available to the District for maintenance of the recently purchased back-hoe.

No other significant discussion took place regarding the bills incurred by the District. Director Brown motioned that Controller Ramirez pay all bills as presented. Director Miller seconded the motion. The Board voted unanimously in favor of the expressed motion and second of that motion.

8. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges totaling \$73,387.48 as of June 30, 2009 noting that several accounts had been paid since that time. Controller Ramirez noted that Citro-San had a delinquent water account so their meter was locked by the District...the following day, their delinquency was paid in full and the lock was removed by the District.

Controller Ramirez noted that Mr. P. Lawson and Mr. C. Hidalgo had repaid the District charges incurred as a result of damage done to District infrastructure resulting from their action.

Controller Ramirez noted that through June, the District has delivered 8,923 acre compared to 9,366 in 2008 8,248 in 2007 and 7,999 in 2006. At the current 90% Class I declaration, the Districts remaining 2009 water year supply is approximately 30,400 acre feet.

Controller Ramirez recapped the District's LAIF Fund balance. Presently the District has \$5MM in General Fund Designations and \$2.615MM in Operating Fund Reserves. The LAIF Balance at this time is approximately \$8.276MM.

Manager Morrissey discussed the O&M Monthly Report indicating that Consultant Chandler joined District Staff in the field at the FWR Powerplant for maintenance on the wicket gate, in which was wedged a portion of a pine cone and a plastic bottle. It was noted that the wicket gate housing was slightly off balance and a 0.004-inch shim was inserted to rectify that imbalance. The unit was re-assembled and is in good working order. It was also noted that significant progress has been made in the water operations office/employee lounge rehabilitation project and that is was developing very nicely. Director Miller noted that incremental costs associated with heating and cooling and general electricity would need to be incorporated into future budgets as these costs would increase current utility costs. Manager Morrissey noted that the rooms were being very well insulated and should operate very efficiently with respect to utility costs.

Manager Morrissey went over several items with the Board of Directors, including the water supply declaration, outlook for the water supply declaration, San Joaquin River natural runoff, decision letter from Regional Commissioner Glaser to MID regarding their claim of superior water supply right relative to other Friant Division Long Term Contractors (this decision was unfavorable for MID as far as their claim is concerned) and the California Citrus Mutual's letter to regarding the Bureau's claim of no significant impact pursuant to their Environmental Assessment for the SJRRP, and Westland's Water Districts Area of Origin Claim on the San Joaquin River.

9. Electrical Power

Manager Morrissey discussed with the Board the letter that was sent out to Fresno County's construction contractor (Teichert Construction) relative to liability stemming from potential damages to the tailrace pipeline and the Districts concern that the contractor exercise

necessary caution. Manager Morrissey noted that the letter was effective in that Teichert has communicated that they are very concerned with maintaining the integrity of the pipeline and avoiding an accident. There has been an initial meeting with Fresno County and Teichert and Teichert indicated that they would conduct potholing along the pipeline to definitively determine its location relative to the Friant Road widening project and would conduct some initial structural analysis based on its location and mechanical properties which they hope to determine based on the dimensions and age of the pipeline.

Manager Morrissey noted that the FPA has been generating higher than normal amounts of power, primarily as a result of Millerton Reservoir being full and high flows in the FKC and Madera Canals.

Manager Morrissey expressed to the Board that the FPA would be considering the District's request for freedom to utilize an additional 15 cfs to the fish hatchery, without FPA's involvement.

10. Upper Kings River Basin Water Forum

Manager Morrissey indicated to the Board that it would be advisable to join the Upper Kings River Basin Water Forum as an interested party, in that it would allow the District to receive otherwise unavailable grant funding from the State of California, for development of projects to enhance conjunctive use of the underlying groundwater basin. Joining this group as an interested party does not require any financial commitment by the District. The Board agreed that joining as an interested party would be advisable. Manager Morrissey will write a letter to the Forum requesting participation.

11. Workers Compensation Insurance

Controller Ramirez indicated that due to a single claim by the District, the current insurer, State Compensation Insurance Fund, raised the premium from approximately \$15,000 to \$19,500. Based on this, Controller Ramirez investigated alternative coverage and identified

the Preferred Employers Insurance Company could offer coverage for approximately \$13,000. Director Brown offered a motion to acquire coverage from the Preferred Employers Insurance Company at the quoted premium. This motion was seconded by Director Miller and voted in support unanimously by the Board.

12. Website Development

Manager Morrissey indicated that progress was being made, and that the cost of a basic website (one which allows information to be viewed by the interested persons) would be less than \$1,000 and would take a few months to develop. Landowners will be able to place water orders through the website, by clicking a link that will send a message to District Staff.

13. 2009 Reorganization

Subsequent to discussion on the status of the District Reorganization Manager Morrissey indicated that Consultant Keller & Wegley Engineers had determined that the relevant environmental document for the District's "2009 Reorganization" would be a negative declaration. This determination was put before the Board for their consideration of a Notice of Intent to Adopt a Negative Declaration. Director Miller motioned to accept and post a Notice of Intent to Adopt a Negative Declaration. Director Brown seconded the motion and all Directors voted in favor of such. This notice will be posted at the various annexation and detachment sites and in the District for 20 days prior to further action by the Board.

14. FWUA/Friant Water Authority Issues

Manager Morrissey discussed the recent town hall meeting with Secretary of the Department of Interior Salazar and follow-up meetings with his Deputy Secretary by Friant. It was apparent that the positive development from this event was that the issue is sufficiently important to receive attention by the top level of the Interior and they are committed to working toward an equitable solution. Beyond that, it is difficult to say how progress will ensue.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:00 P.M. with the next scheduled meeting to occur on Wednesday August 12, 2009 at 11:45 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, August 12, 2009. The Meeting was called to order at 11:45 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President Henry A "Gus" Collin - via Telephone 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	None Present

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

1. Call to order

The regular Board of Directors meeting for August 2009 was called to order by Director Bailey at 11:45 A.M.

2. Additions to and approval of the Agenda.

No additions to or modification of the agenda were suggested.

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

3. Public Comment

No public comment was made.

4. Approval of the Minutes

Director Katayama offered a motion to approve the Board Meeting minutes as prepared for the July 2009 meeting held on July 8, 2009. Director Miller seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$690,698.07 were presented. Controller Ramirez noted several bills including the initial quarterly payment of \$4,453 to Preferred Employers Insurance Co., the workers compensation insurance carrier, \$13,474.38 to Friant Power Authority for engineering consulting work performed by the URS Corporation associated with the power plant expansion at Friant Dam, \$699.50 to Transworld Systems Inc. for collection services associated with the District's delinquent accounts (costs of which were noted to be passed on to delinquent payers) and \$821.40 to Pape Machinery for a two year maintenance service on the Districts backhoe. Supervisor Sanders explained that this cost would be reimbursable from the State (up to approximately \$5,005) as grant funds made available for procurement of this unit may be applied toward maintenance costs associated with the machine.

Following discussion, primarily related to the above noted items and review of all bills by the Board, Director Katayama motioned for the District to pay the bills. This motion was seconded by Director Miller. The Board voted unanimously in favor of paying the bills without further discussion.

6. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges totaling \$61,138.06 representing a drop from last month's level of \$73,387.48. Director Katayama inquired as to whether the delinquent accounts were charged interest. Controller Ramirez responded that interest was accrued at the adjusted annual rate established by the Franchise Tax Board (section 19521 of the California Revenue and Taxation code). The current rate is five percent.

Controller Ramirez went over a short list delinquent water user accounts (Carrasco/Robles, Padilla and Soria) totaling \$3,373 which is down significantly from last month's \$9,018 delinquency total. Controller Ramirez reported that the USBR will refund \$50,846.66 from the 2008 water year, as a result of a true up of actual cost distribution vs. estimated cost distribution which is based on uncertain water supply and variable costs.

Controller Ramirez also reported that the Kings River Siphon Hydro Plant would probably not be generating any revenue realizable to the District this year as the \$100,000 threshold would probably not be met.

Manager Morrissey noted that the Fishwater Hydropower Plant was generating approximately 11% above the six year 2002 to 2007 average at this point to date as a result efforts to optimize flow management and the sustained Millerton Lake elevation.

Controller Ramirez reported \$4 MM had been transferred from the LAIF account and into FDIC Brokerage CD's maturing before the end of January 2011. Manager Morrissey noted that the average annual yield to maturity rates for these CD's is 1.3996%. It was noted that the daily rate of return on the LAIF investments since quarter ending June 30, has been at an annual rate of 1.01%. The \$4MM moved into brokerage CD's are set aside for capital repayment obligations of the District which are approximately \$8.5MM at present. Director Brown noted that the CD investments should be included in future discussions / documents relative to the Districts reserve accounts. Controller Ramirez concurred and indicated this was the plan starting next month as that information becomes available to the District.

Supervisor Sanders recapped the monthly operation and maintenance activities conducted by the District Staff, including the progress on the new operations office and employee lounge, various incidental system repairs including rolled gaskets and air vent repair in addition to relocating a meter for landowner Lashinski. Supervisor Sanders noted that the parcel adjacent to and west of the District's office is included with the cold storage facility located immediately west of this property. If the buyer of the cold storage facility is not interested in the parcel immediately adjacent to the District, the current owner has indicated willingness to consider selling it to the District.

7. Board of Equalization Hearing

The Board of Directors recessed for a Board of Equalization hearing at 12:00 P.M. in conformance with the published notice. The distribution of acreage per county was determined by the Assessor/Collector to be 13,774.77 and 14,274.75 for Fresno and Tulare County, respectively for a total of 28,049.52 acres. No landowners in the District were present at the hearing to question the records of any parcel(s) acreage. As such, Director Brown motioned to accept the Assessor's report. This motion was seconded by Director Katayama and voted unanimously in favor of by the Board of Directors.

8. Electrical Power

Manager Morrissey informed the Board that the year to date revenue from the Friant Power Authority's facilities is approximately \$2.8MM ahead of last year's revenue. At the 5.25% level this is approximately \$147M revenue to the District over last year at this time. Revenues are generally higher for the same reason as the Fishwater Hydro plant – sustained high elevation in Millerton Lake. July 2009 revenue, for example, exceeded 2008 July revenue by 233% as Millerton Lake was full for the entire month of July this year.

Manager Morrissey discussed the Fishwater Hydropower facility's tailrace pipeline as it relates to the Friant Road widening project being undertaken by Fresno County. The District executed a contract with Provost & Pritchard Engineering to review the threat to the tailrace line in the vicinity of the road widening project during and post construction and to engage with Fresno County Department of Public Works (Fresno County) and disclose their findings and provide recommendations, as warranted. Subsequent to Provost & Pritchard's analysis, they have determined that risks are limited to the construction period and those risks are avoidable provided that the contractor implements appropriate construction practices during the construction period, i.e. suitable / reasonably sized equipment.

In a meeting with Fresno County, they expressed to the District, Provost & Pritchard and the California Department of Fish & Game that the construction contractor was made aware of the pipeline (and Provost & Pritchard has confirmed the accuracy of the existing condition as portrayed in the design drawings) and it was therefore incumbent upon the contractor to bid accordingly, and to incorporate provisions to take actions and or implement construction techniques as appropriate to protect the pipeline. Following the meeting with Fresno County, the District sent a letter dated July 31, 2009 to the County expressing this understanding (Item 8D in the Board Packet).

9. Water Management

Manager Morrissey discussed with the Board the water supply details contained in the Friant Water Authority's San Joaquin River and Associated Water Data summary. Based on the most recent discussion with Reclamation on the supply declaration on August 7th, there may be an increase in Class 2 declaration to 5%. During the Uncontrolled Season period, Reclamation delivered 18% of the Class 2 Contract supply. It was noted that Pine Flat Storage is at approximately 30%, Terminus Storage (Kaweah) is at 14%, San Luis Reservoir has negative federal storage and approximately 38% SWP storage and is overall at approximately 20% of storage, while Millerton is at approximately 80% of storage capacity. On a positive Delta note, it was mentioned that state and federal pumping rate is 165% of the last year. Given the low levels in San Luis Reservoir, maximizing pumping at the state and federal pumps will be essential for this and next year's water supply. Another dry year will cause devastating impacts to all those south of the delta, including the Friant Division as they may have to relinquish water to the Exchange Contractors.

10. Certificates of Lien/Sale

The Board of Directors considered OCID Resolution 2009-6, wherein

- a. The District claims a lien for unpaid water and standby charges from a list of customers consisting of 2 delinquent unpaid water and 33 delinquent standby customers; and ,
- b. Authorizes the Tax Collector of the District to record certificates of lien or sale pursuant to Water Code sections 25806 (a) (2) and 26130.

Director Miller made a motion to accept District Resolution 2009-6 and Director Brown seconded Director Miller's motion. The following vote was recorded by the Secretary of the Board:

Director Bailey – Aye
Director Miller – Aye
Director Brown – Aye
Director Katayama – Aye

Given passage of the Resolution, tax collector Morrissey will publish the list of delinquencies and notice of Sale or Lien in newspapers in Tulare and Fresno Counties.

11. Brokerage Certificates of Deposit

Manager Morrissey provided a summary of the Certificates of Deposit acquired by the District with monies transferred (approximately \$4MM) from the District's LAIF account. The weighted annual rate of return on the acquired certificates is 1.396%. All maturity dates are on or before January 24, 2011, which will allow the total investment to be available should capital repayment under the 9(d) Contract conversion come to be. There is some doubt at this time that progress toward that end will be made by Reclamation and therefore the contract conversion may be delayed.

12. Mill Creek

Manager Morrissey discussed with the Board the Mill Creek water right issue. The Board discussed options available to the District and the decision was made to meet with the Sellers (Smith and Patrick) and either:

- a. Get commitment from the Sellers to partner with the District and pursue a direction alternative to the Mill Creek Conservancy offer, or
- b. Relinquish the water right back to the Seller(s) if interest in (a) is lacking, or
- c. Pay off the Seller(s) provided that they relieve the District of the contractual obligation to offer Seller first right of refusal.

Directors Bailey and Collin along with Manager Morrissey will meet with the Sellers together in the next week or so in order to discuss the options and the plan for moving forward.

13. FWUA/FWA Issues

Manager Morrissey discussed with the Board a claim made to the FWA by SSJMUD for damage sustained by three of their pumps due to low flow condition in the FKC. While all of the operational information was not available to Manager Morrissey, the Board considered that the resulting damage should at least be shared by SSJMUD as it may not have been negligence on the part of the FWA that led to damage. Based on this supposition, Manager Morrissey was directed to propose a 50/50 cost share between the FWA and SSJMUD, with respect to the sustained damage (amounting to a total of just under \$32M).

Manager Morrissey briefed the Board on the Family Farm Alliance's Complaint for Declaratory and Injunctive Relief against the Department of Interior's Fish & Wildlife Service for their failure to follow the Information Quality Act guidelines during preparation of the Smelt Biological Opinion. This complaint is essentially an assertion that the Service did not follow its own mandated scientific rigor in the development of the Smelt BO, and this failure to do so was seriously impacting the FFA's constituency. It was noted that this is the first time ever that the FFA is pursuing litigation. The FFA recognizes that this BO has resulted in devastating impacts which are a direct result of egregious and incompetent actions by the DOI's F&WS.

14. Coalition for Sustainable Delta

The Board considered contributing to the Coalition for a Sustainable Delta (CSD), an organization originating in Kern County. The Board considered it more appropriate to contribute to other entities, i.e. the Pacific Legal Foundation. The Board did not take action to support the CSD.

15. 2009 Reorganization

The Board of Directors considered District Resolution 2009-7, wherein they are to consider the adopted of a Negative Declaration for the 2009 Reorganization of the District, as prepared by consultant – Keller-Wegley Engineering upon his environmental review. The Director Brown made a motion to accept the Negative Declaration based on the expert opinion of Keller-Wegley's analysis. Director Katayama seconded the Director Brown's motion. The following roll call vote was taken:

Director Bailey – Aye
Director Miller – Aye
Director Brown – Aye
Director Katayama – Aye

With that, the Notice of Intent to Adopt a Negative Declaration will be filed with the County of Fresno.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:40 P.M. with the next scheduled meeting to occur on Wednesday September 9, 2009 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, September 9, 2009. The Meeting was called to order at 11:45 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President Henry A "Gus" Collin 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	None Present

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

1. Call to order

The regular Board of Directors meeting for September 2009 was called to order by Director Bailey at 11:45 A.M.

2. Additions to and approval of the Agenda.

No additions to or modification of the agenda were suggested.

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

3. Public Comment

No public comment was made.

4. Approval of the Minutes

Director Brown offered a motion to approve the Board Meeting minutes as prepared for the August 2009 meeting held on August 12, 2009. Director Katayama seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$414,816.10 were presented. Director Brown inquired as to the availability of a cheaper option to the \$112/month telephone charge associated with negative status notification from the Fishwater Plant. Supervisor Sanders will explore alternatives to this charge. Subsequent to general discussion, Director Miller motioned and Director Katayama seconded the motion to pay the bills as presented. The Board voted unanimously in favor to pay the bills.

6. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges noting that \$10,961.70 had been received in the last month. Controller Ramirez updated the Board on status relative to the expectation / promise of payment from various entities. Director Brown indicated that those with a water service delinquency of greater than \$2,000 was troubling. Controller Ramirez indicated that since the second installment was just recently due (August), these delinquencies are fresh, however, if they are not paid in the near term, water delivery points be locked to avoid irretrievable debt.

Controller Ramirez explained the lack of clarity concerning the reported return on the recent brokerage certificates of deposit (CD's totaling just under \$4MM). The District is awaiting a clear explanation from Mark Edelman, representative of the brokerage firm that arranged the CD portfolio. Mark Edelman has assured the authority that everything is in order regarding principal and interest payment on these deposits. This lack of clear explanation is expected to be resolved by the next Board Meeting.

Controller Ramirez recapped the USBR Audit Team's water service contract compliance review, examining the Districts Rules and Regulations, water rates, water applications, water usage statements, payment records, etc... While the final report has not been received, the Bureau personnel indicated that everything seemed to be in order and offered two recommendations. To engage the Bureau at the same time as LAFCO for District

reorganizations, and to request in writing a “published rate” for M&I from Barbara Hidelburg, vs. using a temporary rate which is usually more costly.

Controller Ramirez noted that Public Notices were published in the local newspapers of lands within the District Upon which Standby Charges are delinquent, in accordance with Resolution 2009-06 adopted by the Board at the August Board Meeting.

Supervisor Sanders went over the monthly O&M report. The primary work discussed related to the new office/employee break room construction project.

7. 2009 Reorganization

Manager Morrissey indicated that he was waiting for official environmental documents from Dennis Keller to take the next steps associated with the District’s reorganization process.

8. Draft 2010 Budget

Controller Ramirez presented to the Board of Directors a Draft 2010 Budget. The Budget objectives were discussed, including the requirement that revenues are budgeted to cover expenses (including O&M, debt service, reserve fund maintenance and other obligations of the District). The Draft budget shows no increase in water rates, provided that net revenue of \$300,000 is generated from Friant Power Authority proceeds.

This preliminary budget will be revised in January for the water operations component and at that time staff may seek to revise water billing rates, however this necessity is not anticipated.

9. Electrical Power

Nothing to report.

The Board went into Closed Session at 2:00 P.M.

10. Closed Session – Conference with Legal Council – Potential Litigation.

11. Closed Session - Personnel Issues

12. The Board returned to Open Session at 2:50 with no reportable action taken.

13. Water Management

Manager Morrissey discussed the current water supply scenario in the Friant Division and throughout the San Joaquin Valley, including conditions at San Luis Reservoir. It was noted that reservoir storage levels throughout California are at below normal average levels, however the quantity of water in Millerton Lake and in reservoirs upstream are quite high, with approximately 200 TAF of stored water compared to last year at this time.

As far as the District’s supply is concerned, based on usage through August (tracking total in District usage of 30 TAF) and considering a 5TAF transfer to SLWD, it appears that carryover into next year’s supply will be approximately 6,400 acre feet. It was noted that based on the weighted average year type/restoration release, the most likely value that the District will be providing to the SJR is approximately just under 1,900 acre feet.

14. Friant Water Authority Issues

Manager Morrissey briefed the Board on various issues of concern; the San Joaquin River Settlement Status, 9(d) contract progress and SJR Delta Issues.

As far as the SJR Settlement Status is concerned, Manager Morrissey conveyed to the Board that efforts among the Bureau, the NRDC and Friant were continuing along the lines of developing the Restoration Flow Guidelines. While most issues have been resolved there remain several issues where agreement is yet to be reached. It appears that Interim Flows will likely begin as scheduled on October 1, 2009. There are several items to be resolved, including protection of impacts to third parties and granting by the State Water Resource Control Board an alternate point of diversion (off the SJR) that the Bureau may utilize in order to recirculate lost water supply.

9(d) contract conversion has hit a barrier as Friant waits for Reclamation Contracts staff to receive the Basis of Negotiation from the Commissioner, a process necessary for them to start negotiating. Delays in this regard suggest that the ability to comply with the legislation’s timeline is dwindling.

The Sacramento –San Joaquin River Delta continues to be a point of contention between stakeholder groups in California and the Department of Interior. It was encouraging to note that Senator Feinstein is engaging in the rift and has suggested appropriating funds for a

National Academy of Sciences review of the Biological Opinions (Smelt - (F&WS) and Salmon (NOAA)) which according to south of Delta water users are flawed and have led to a regulatory Drought.

Director Brown asked if Manager Morrissey could write to the Secretary of the DOI to express, in an attempt to discourage, his insistence that the water supply shortages are due to a natural drought, as data clearly suggests that there are important other factors.

15. Mill Creek

Manager Morrissey indicated to the Board that evaluation of the ultimate disposition potential of the water right was presently being evaluated by northern California municipal water interest's water rights attorneys and the California State Department of Water Resources. In addition to this municipal interest, a broker representing a group of private investors has expressed interest in the water right. Manager Morrissey expressed that he expects to have information from the northern California group by the next BOD meeting which will be necessary to consider the range of options that the Board may consider pursuing.

16. ACWA Vice President

Information on two candidates for the ACWA VP position were provided to the Board for their support consideration. After discussion, the Board decided not to offer formal support for either candidate.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:20 P.M. with the next scheduled meeting to occur on Wednesday November 14, 2009 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, October 14, 2009. The Meeting was called to order at 11:43 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President Henry A "Gus" Collin 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	None Present

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

1. Call to order

The regular Board of Directors meeting for October 2009 was called to order by Director Bailey at 11:43 A.M.

2. Additions to and approval of the Agenda.

No additions to or modification of the agenda were suggested.

Director Katayama motioned and Director Brown seconded the motion to approve the Agenda as provided. The Board voted unanimously in favor of the motion to approve the Agenda.

3. Public Comment

No public comment was made.

4. Approval of the Minutes

Director Collin offered a motion to approve the Board Meeting minutes as prepared for the September 2009 meeting held on September 9, 2009. Director Brown seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$447,432.48 were presented. Director Brown inquired as to the capital payment to Los Molinos Mutual Water Company. Manager Morrissey explained the charge to the Board and the fact that O&M Agreement between the District and Los Molinos MWC requires the District pay this capital item and be reimbursed the capital depreciation over 25 years. Controller Ramirez noted that the insurance premium for liability increased by 6% over last year. A spreadsheet summarizing coverage, deductibles and premium as provided to the Board.

Director Katayama motioned for the District to pay the bills. This motion was seconded by Director Collin and voted unanimously in favor of by the Board members.

6. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges noting that \$16,358.20 had been received by 9/30/2009. Controller Ramirez provided and Lien List comprised of 16 delinquent Stand-by charges totaling \$24,155.00 as of September 30. Controller Ramirez updated the Board on status of delinquent water user accounts noting a current year total of \$19,350.60 as of September 30. Controller Ramirez indicated that good progress was being made relative to collection for both Stand-by and water user delinquencies and that next month's report would show significant collection.

Supervisor Sanders went over the monthly O&M report. The primary work discussed related to the new office/employee break room construction project which is essentially complete as well as two significant pipeline repair projects that were necessary since the September Board of Directors Meeting one on System 11 and the other on System 13.

7. Water Management

Manager Morrissey indicated that the 5,000 acre foot water transfer with SLWD would likely start in October and be completed in November. Manager Morrissey noted that based on Millerton's storage being approximately double normal, there may be restrictions on carryover for next year. Considering that the District had more than ample supplies for the remainder of the year and a larger than comfortable (given storage and potential El Nino) Manager Morrissey suggested transferring up to 4,000 acre feet to Arvin Edison Water Storage District whom had expressed interest in securing additional water supply at \$100 per acre foot. Director Katayama recommended this course and it was further discussed that proceeds from this transfer will serve to offset / rebate water costs for 2010 fiscal year.

8. 2010 Budget

Controller Ramirez presented to the Board of Directors a Draft 2010 Budget. The Budget objectives were discussed, including the requirement that revenues are budgeted to cover expenses (including O&M, debt service, reserve fund maintenance and other obligations of the District). The Draft budget shows no increase in water rates, provided that net revenue of \$300,000 is generated from Friant Power Authority proceeds.

Director Brown motioned to approve the budget as presented and this motion was second by Director Collin. The Board voted unanimously in favor of adopting the proposed 2010 Budget. This preliminary budget will be revised in January for the water operations component and at that time staff may seek to revise water billing rates, however this necessity is not anticipated.

9. Electrical Power

Manager Morrissey reviewed revenues from the various hydropower operations. Revenues were notably higher with the exception of the KRSH plant which would provide no revenue to the District this fiscal year (ending in September).

Manager Morrissey discussed potential expansion of the FWR power plant under a joint program with FPA or subset thereof. The Board conveyed that there was no interest in any comingling of this operation with FPA or subset thereof which might be required if the power plant were to be modified to operate above its nameplate capacity.

Director Collin motioned to authorize the expenditure of up to \$30,000 to improve the operational efficiency of the FWR plant and get it to operate at its nameplate capacity. This motion was seconded by Director Miller and voted for unanimously in favor of by the Board. Nothing to report.

10. Water Supply Strategist

The Board reviewed the WSS, noting the recent sale of water rights from Dudley Ridge water right holders to Mojave Water Agency at a rate of \$5,250 per acre foot.

The Board went into Closed Session at 2:00 P.M.

11. Closed Session –

- a. San Joaquin River Settlement.**
- b. Mill Creek Water Right**

12. The Board returned to Open Session at 3:10 with no reportable action taken.

13. CVPIA Restoration Charges

Manager Morrissey went over the various environmental charges resulting from the CVPIA of 1992 (aka the Miller-Bradley Bill). The Board had no questions in this regard.

14. San Joaquin / Sacramento River Delta Issues

The Board did not engage in a discussion on these issues.

15. Arvin Edison Recirculation / Water Quality Impact

Manager Morrissey conveyed to the Board of Directors the concerns expressed by AEWS relative to their being saddled with taking additional water supplies from the Cross Valley Canal – recirculated water – by virtue of the Water Management Goal of the San Joaquin River Settlement Act. This water supply is inferior to Friant water supplied from Millerton Lake and AEWS suggested that they should not be expected to take this water at the benefit of Friant without mitigation. The mitigation measure or impacts were not discussed as they are difficult to quantify. The Board were in general empathetic to AEWS's concerns and supported reasonable mitigation to ameliorate their undue burden.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:00 P.M. with the next scheduled meeting to occur on Wednesday November 11, 2009 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 Tuesday, November 10, 2009. The Meeting was called to order at 11:48 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President Henry A "Gus" Collin, 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 Gary Sawyers, District Legal Counsel, via Telephone
Public	None Present

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

1. Call to order

The regular Board of Directors meeting for November 2009 was called to order by Director Bailey at 11:48 A.M.

2. Additions to and approval of the Agenda.

Manager Morrissey expressed desire to add agenda item 13 to discuss the Water Policy/Infrastructure Bond Bills passed by the California legislature on November 4, 2009. Director Miller motioned to accept the agenda with the proposed addition and Director Katayama seconded the motion to approve the agenda. The Board voted unanimously in favor to accept the modified agenda.

3. Public Comment

No public comment was present at the meeting.

4. Approval of the Minutes

Director Katayama offered a motion to approve the Board Meeting minutes as prepared for the October 2009 meeting held on October 14, 2009. Director Miller seconded the motion and the Board expressed unanimous agreement to approve the minutes as written.

5. Approval of Bills

Controller Ramirez discussed bills to be paid by the District. Disbursements totaling \$590,703.35 were presented. Controller Ramirez noted payment of \$128,847.91 for the Certificate Payment Fund Expenditure for the October and District Office Capital improvements totaling \$4,981.47. Director Brown inquired if the distribution of the Waterline (put out by Friant Water Authority) is to every landowner in the District. Controller Ramirez indicated that it is. The cost of this item for the period May to September was \$1,339.74. PG&E charges totaling \$52,028.53 were noted by Controller Ramirez. Director Collin asked if installation of solar generation was an attractive prospect at this time. Manager Morrissey indicated that because of Net Metering constraints, the economics are marginally advantageous at this time. This led to discussion on the potential value of the Fishwater Power Plant when Net Metering constraints are relaxed and the hydro power generation is eligible to offset the District's pumping plant energy consumption. *Manager Morrissey will research this possibility further.* Director Brown motioned for the District to pay the bills. This motion was seconded by Director Miller and voted unanimously in favor of by the Board members.

6. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges noting that \$12,632.74 of the outstanding \$21,793.50 due on 9/30/2009 had been received by 10/31/2009. Controller Ramirez provided a Lien List comprised of 13 delinquent accounts totaling \$20,199.12 as of October 31. Controller Ramirez updated the Board on the status of delinquent water user accounts noting a current year total of \$9,252.51 due as of October 31 which represents a marked improvement over the \$19,350.60 due as of September 30. Controller Ramirez reported receipt of a water refund of \$50,846.66 received from the Bureau of Reclamation for excess estimated payments over actual contractual obligations to the Bureau for fiscal year ended September 30, 2008.

Supervisor Sanders went over the monthly O&M report. The primary work discussed related to the main office reorganization and acquisition of a modern phone system. Miscellaneous repairs and noted.

Manager Morrissey noted to the Board that the KRSH power plant operation resulted in royalty payment to the District of \$286.81 for fiscal year ending October 2009. This windfall was certainly unexpected based on generation through September.

Manager Morrissey noted that the FWR power plant generation is tracking at a recent revenue high, approximately \$34,000 above the previous seven year average.

Controller Ramirez noted that the LAIF balance as of October 31 was \$2,865,047.31 and the month ended September 30 interest rate for LAIF was 0.75%.

Controller Ramirez noted that the Brokerage Certificates of Deposit (Capital Repayment Reserve) have a cumulative current market value of \$4,014,933. The yield to maturity for these funds is approximately 1.4% and the dollars set aside represent close to (just under) 50% of the estimated funds that will be required for the District to pay off its portion of the Friant Division's capital costs. That dollar amount is to be paid to the Bureau by January 31, 2011 in order for the District to attain a perpetual 9d water service contract.

Controller Ramirez noted that a Rate Covenant Fund with a principal balance of \$375,000 has been set up with Sutter Securities in a series of 5 year CD's with a yield to maturity of 2.7%.

Controller Ramirez reported that the District's contribution for Medical insurance premiums for District employees will be 3.38% higher than the previous year.

7. Water Management

Manager Morrissey indicated that the 5,000 acre foot water transfer with SLWD stated in October (10/26) and will take one month to be completed along with Fresno Irrigation Districts transfer of 13,750 acre feet through Arvin Edison Water Storage District's turnout at the terminus of the FKC. Manager Morrissey noted to the Board that in order to preserve space for the delivery of transfer water via Arvin Edison's turnout (who presently has demand which is being displaced, Arvin Edison was requiring at cost transfer of FID and OCID water equal to 27.3 % of the respective transfer amount. This totals 1,364 acre feet of water that will be sold to Arvin Edison WSD at \$50/af.

Manager Morrissey indicated that the water supply used in October was approximately half that of normal due to 1.6-inches of precipitation in the middle of the month (1.6 inches over the District's irrigable acreage of approximately 26,000 represents nearly 3,500 acre feet). It appears at this time that the District will be afforded the opportunity to carry over somewhere in the range of 3TAF to 5TAF depending on winter frost water demand.

8. Electrical Power

Manager Morrissey reviewed revenues from the various hydropower operations. Revenues were notably higher with the exception of the KRSH which surprisingly generated revenue for the District as previously noted. Revenue from FPA's generation is on track to provide estimated revenue to the District of \$380,000 for the fiscal year which represents 125% of the previous 7 year average.

Manager Morrissey discussed the consideration for FPA to have some level of involvement in the FWR hydropower plant, if pursuit of an expanded nameplate capacity was considered desirable; made possible by increased flow to the DFG hatchery for a salmon. The Board of Directors was unanimous in expressing their view that continued sole District control of the FWR was the desirable path.

The Board went into Closed Session at 12:50 P.M.

9. Closed Session –

- a. San Joaquin River Settlement.**
- b. Mill Creek Water Right**

10. The Board returned to Open Session at 1:45 P.M. with no reportable action taken.

11. 2009 Reorganization

Nothing to report.

12. Irrigated Lands Regulatory Program

Manager Morrissey briefed the Board on the various alternatives to be considered in the EIR associated with the State Water Resource Control Program. The principal discussion related to the push on watershed coalition groups to engage in groundwater quality monitoring as part of the program.

13. Water Policy / Water Infrastructure Bond Legislation

Manager Morrissey reviewed the various aspects of the historic legislation passed by the California Legislature on November 4, 2009. The infrastructure bond consists of comprehensive water package total \$11.14 billion with no more than half of the bonds to be sold before 2015. Manager Morrissey expressed that aspects of the water policy bills are in accordance with the desired outcome promoted by the Friant Water Authority which is driven by Friant's Board of Directors.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:30 P.M. with the next scheduled meeting to occur on Wednesday December 9, 2009 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, December 9, 2009. The Meeting was called to order at 11:50 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President Henry A "Gus" Collin, Vice President David Brown Russell Katayama Arlen Miller
Officers:	Fergus A. Morrissey, Engineer-Manager/Secretary Robert T. Ramirez, Controller/Treasurer
Public	None Present

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

1. Call to order

The regular Board of Directors meeting for December 2009 was called to order by Director Bailey at 11:50 A.M.

2. Additions to and approval of the Agenda.

Director Brown motioned to accept the agenda with the proposed addition and Director Katayama seconded the motion to approve the agenda. The Board voted unanimously in favor to accept the agenda as provided.

3. Public Comment

No public comment was present at the meeting.

4. Approval of the Minutes

The Board expressed unanimous approval of the Board Meeting minutes as prepared for the November 2009 meeting held on November 10, 2009.

5. Approval of Bills

Controller Ramirez discussed various bills to be paid by the District for the period November 11, 2009 to December 9, 2009. Disbursements totaling \$306,508.37 were presented to the Board. Controller Ramirez noted payment of \$3,359.01 to Freevoice PBX for the new phone system, \$418.71 to the City of Orange Cove for a Construction Permit for the Board Room remodeling project, payment of water right fees made to the State Water Resource Control Board (under protest) totaling approximately \$17,000 (noting that CHI reimburses the District for the Kings River Hydro Plant fraction of the water right fee of \$5,641.89), \$128,847.91 for the Certificate Payment Fund Expenditure for November and other miscellaneous payments.

After limited discussion / clarification on several items, Director Katayama motioned to pay the bills as presented. Director Miller seconded that motion and the Board voted unanimously in favor of paying the bills as presented.

6. Election of Officers

The Board considered election of officers within the District Board. Director Brown motioned to keep appointments unchanged. This motion was seconded by Director Katayama and voted for unanimously in favor of by the Board. Directors Bailey and Collin III will remain President and Vice President, respectively.

7. Monthly Report

Controller Ramirez went over the list of delinquent Stand-by Charges noting that \$8,846.60 of the 2009 delinquent stand-by charges remain outstanding. Progress has been made on several of those charges as mortgage companies have been contacted for payment and are sorting out foreclosure proceedings (i.e. for Maria Gutierrez \$2,574.48 balance B of A has recently acquired Countrywide properties and that property is under foreclosure proceedings). Those collections will bring the 2009 and the 2008 Standby delinquencies down by \$2,884.56 and \$1,507.24, respectively.

Controller Ramirez indicated there remain a handful of delinquent water user accounts, however they are not significant (in terms of quantity and payment is expected) with the exception of Citro-San with a delinquency of \$4,197.66 from 2009, whose delivery has been locked. Controller Ramirez indicated that the Citro-San property was for sale and he would make inquiries attempting to receive payment so that the title can be cleared of this lien.

Manager Morrissey discussed receipt of \$1,250,000 in the form a check from San Luis Water District for the transfer of 5,000 acre feet of the Districts surplus 2009 water supply. Discussion by the Board resulted in the request that future payments received in person should be no more than \$50,000 and that anything larger should be wire transferred to the District.

Manager Morrissey noted that the FWR power plant generation is tracking at a recent revenue high, approximately \$45,000 above the previous seven year average, compared to last month's \$34,000 above the previous seven year average.

Controller Ramirez noted that the LAIF balance as of October 31 was \$3,335,047.31 and the month ended September 30 interest rate for LAIF was 0.646%. These funds are ascribed to the current year operating fund, (\$467k), deferred revenue fund (\$848k) and general fund designations (\$1,800k).

Controller Ramirez noted that the Brokerage Certificates of Deposit (Capital Repayment Reserve) have a cumulative current market value of \$4,022,965. The yield to maturity for these funds is approximately 1.4% and the dollars set aside represent close to (just under) 50% of the estimated funds that will be required for the District to pay off its portion of the Friant Division's capital costs. That dollar amount is to be paid to the Bureau by January 31, 2011 in order for the District to attain a perpetual 9d water service contract.

Controller Ramirez noted that the Rate Covenant Fund with a principal balance of \$375,000 in a series of 5 year CD's with a yield to maturity of 2.7% has increased by \$1,688 in the intervening month.

Controller Ramirez recapped the outside water sales made this year to various entities. The analysis included effective conveyance charges of \$18.42. These conveyance costs are not marginal costs. For example the conveyance cost would be greater on a per acre foot basis if less water was delivered to the District or transferred elsewhere (if 30,000 acre feet had been delivered than the per acre foot cost would have been \$22.71).

Controller Ramirez noted that the District's Dunn and Bradstreet, Inc. business information report has been updated upon their request.

Controller Ramirez provided information relative to Favorable/Unfavorable actual/budget comparisons. Two unfavorable categories emerge from this analysis.

1. FKC Conveyance Charges – unfavorable by \$232,036, (50+%), and
2. Power Costs – Unfavorable by \$47,349 (20+ %)

Manager Morrissey will investigate further into these matters seeking an explanation for this departure from budgeted amounts.

Controller Ramirez informed the Board that the 2010 mileage reimbursement rates announced are \$0.50 per business mile driven.

Controller Ramirez indicated that Gary Sawyers is raising his hourly rate by 3%.

Manager Morrissey indicated that November's usage of 930 acre feet brings the in District delivery for the water year (ending February 28, 2010) to 63.10 % of available contract supply. This usage is tracking the 2007 water year which ended at 63.13%. The District has an additional 5,500 acre feet of supply under its 2009 / 2010 contract year supply. This level will preserve at least 3,000 acre feet for carryover for the 2010 / 2011 contract year supply after providing water for possible extreme frost water demand.

Manager Morrissey indicated that the entire 5 TAF of transfer water to SLWD was moved via Arvin Edison WSD's turnout.

8. Electrical Power

Manager Morrissey reviewed revenues from the various hydropower operations. Revenues were notably higher with the exception of the KRSH. Revenue from FPA's generation remains on track to provide an estimated revenue to the District of \$380,000 for the calendar year which represents 125% of the previous 7 year average.

Several of the Directors informed Manager Morrissey that they had received a letter from the FPA Board President, Quinten Luallen, requesting a Director to Director meeting with the

District to open a dialogue to explore if there were mutually agreeable terms whereby the FPA could purchase the FWR power plant. After discussion, the Board expressed that they were open to such a discussion, but preferred (under the expectation that the offer would not be high enough) to retain the power plant under District sole ownership. Director Brown indicated that he would send a letter to FPA Director Luallen.

9. Draft Rules and Regulations

Manager Morrissey provided the Board with a Draft Rules and Regulations for the 2010 Water Year for the Board's consideration. The Board considered the document as final and recommended its distribution to landowners.

10. ACWA Report

Director Collin provided a report to the Board on various topics discussed at the ACWA conference in early December.

The Board went into Closed Session at 2:30 P.M.

11. Closed Session –

- a. Conference with Legal Counsel on Real Property Negotiations.**
- b. Personnel Issues.**

12. The Board returned to Open Session at 3:20 P.M.

Relative to item 11 a, Director Collin motioned and Director Brown seconded Director Collin's motion to approve the draft documents associated with the Real Property Negotiations and for Manager Morrissey to execute said documents after discussion with an involved party provided that those discussions did not result in a material change to the documents, or in other words, provided that the final documents were in substantially the same form as the approved draft documents.

Relative to item 10 b, the personnel issue, the Board of Directors approved a 7.5% salary increase for Manager Morrissey.

13. Certificate of Appointment and Oath of Office.

Directors Collin and Katayama were sworn into office by Controller Ramirez. Directors Collin and Katayama executed the Tulare County Certificate of Appointment and these document will be provided to the County of Tulare.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:40 P.M. with the next scheduled meeting to occur on Wednesday January13, 2010 at 11:30 A.M.

Harvey A. Bailey, President

Fergus A. Morrissey, Secretary