

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 13, 2010. The Meeting was called to order at 11:54 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/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 January 2010 was called to order by Director Bailey at 11:53 A.M.

2. Additions to and approval of the Agenda.

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

3. Approval of the Minutes

Director Miller motioned to approve the minutes as provided and Director Collin III seconded the motion. The Board voted unanimously in favor to approve the Draft January 2010 Minutes.

4. Approval of Bills

Controller Ramirez discussed with the Board the bills for the period December 10 2009 through January 13, 2010 totaling \$607,291.73. Payments included a capital payment of \$100,000 to Mr. and Mrs. John Patrick as partial payment (100/207) of the agreed financial consideration the District shall pay Mr. Patrick for the District’s unrestricted disposition alternatives of the water rights on Mill Creek acquired from Mr. and Mrs. Patrick by the District in 1998.

Director Collin II suggested the District seek competitive bids for:

- Unleaded Fuel Deliveries,
- Banking Services, and
- Auditing Services

Controller Ramirez assured the Board that requests for proposals from vendors for those services would be sought during the 2010 Fiscal Year.

Director Collin III inquired about a petty cash disbursement for an accident report. John Sanders responded that the District had requested a copy of an accident report from the California Highway Patrol relating to vehicular induced damage to District property – security fencing surrounding one of the pumping plants.

A motion to approve payment was made by Director Miller and seconded by Director Collin III. This motion and second was voted unanimously in favor of by the Board.

5. Public Comment

No member of the public was present at the meeting. No public comment was made.

6. Monthly Report

The first installment of the standby charges were due December 20, 2009

7. 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.

8. 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.

9. 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.

10. Closed Session –

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

11. 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.

12. 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

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, February 10, 2010. 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 III, 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 February 2010 was called to order by Director Bailey at 11:50 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey sought approval to add Agenda Item 17 to allow for a discussion regarding the Districts level of contribution to the Family Farm Alliance. Director Brown motioned to accept the Agenda including the aforementioned addition and Director Miller seconded the motion. The Board voted unanimously in favor to accept the modified agenda.

3. Public Comments

No public was present at the Board of Directors Meeting.

4. Approval of the Minutes

Director Collin III motioned to approve the minutes as provided and Director Katayama seconded the motion. The Board voted unanimously in favor to accept the draft January 2010 Board Minutes.

5. Approval of Bills

Controller Ramirez discussed with the Board the bills for the period January 11, 2010 through February 10, 2010 totaling \$260,619.24, including \$15.64 in discounts taken. Payments included a debt service payment of \$109,623.69 and General Fund Expenditures of \$134,381.68.

Controller Ramirez noted several payments, including 90% payment of \$14,590.32 and retention payment of \$1,621.00 to Contractor Mark Vetter for work completed on the Board Room (area expansion/insulation improvement/sound suppression), refund of an existing water deposit to C.M. Thorson as a result of property sale (\$2,449.41), and various other generally ordinary payments.

6. Monthly Report

Controller Ramirez noted that Citro-San is the lone delinquent water user account, with a balance of \$4,200 owed as of January 31, 2010, receipt of \$12,992 from Fresno County (Teeter Tax Refund) and \$20,000 from Hills Valley Irrigation District for a transfer of 250 acre feet of water to Tulare Irrigation District were also noted by Controller Ramirez.

Controller Ramirez noted several meters on the system where there is a variance between the FKC meters read by FWA, and the combined usage according to the District delivery meters. Director Miller suggested that analysis be done to compare variation observed during the previous 12 month period with previous years' variation to determine if there may be a problem. ***Controller Ramirez indicated that he would evaluate this potential and report to the Board his findings.***

Controller Ramirez reported the LAIF balance of \$4.6 million accrued interest at an annual rate of approximately 0.57% and totaled approximately \$5,000 in December. It was also reported that the Brokerage Certificates of Deposits held in the 9d Capital Repayment Fund has grown by approximately \$52,000 above its initial balance of \$4 million since July of 2009 which represents an annual 1.4% rate of return on a 1.5 year term. Controller Ramirez reported that the Rate Covenant Fund has grown by \$3,375 since its initial value of \$375,000 since September 2009, which represents an annual 2.7% rate of return on a five year CD's.

7. Water Supply

Manager Morrissey informed the Board that the USBR's Friant Division Operations Chief (Antonio Buelna) unofficially predicted an 85% Class 1 Declaration, would be made officially by the USBR on February 26th. Given the near term forecasts, it is expected that this 90% exceedence forecast will increase moving through the precipitation season.

From an historical standpoint in the San Joaquin Valley, October 1 through February 10th represents approximately 57% of the water year's precipitation. If this holds true this year, exclusive of SJR restoration flows, the ultimate declaration would land at approximately 50% Class 2.

Manager Morrissey reviewed with the Board the Kondolf Hydrograph which is a depiction of water flows for SJR Restoration as a function of date and hydrologic year type. Peak flows of the Kondolf Hydrograph will be truncated during the interim flow period as the capacity of the SJR is insufficient to accommodate those flows during 80% of the year types (all but the driest 20%). *Several Board members asked Manager Morrissey for an electronic version of the visual depiction of the hydrograph which includes salmon migration status, for their reference.*

Manager Morrissey reminded the Board that the average annual interim flows will be restricted by about 60,000 acre feet per year as a result of SJR channel restrictions (from 217,000 af/year down to 157,000 af/year). On an average basis, interim flows will reduce the District's water supply by close to 1,900 acre feet.

Manager Morrissey went over "Deal Points" that was provided to him by Richard Moss of Provost & Pritchard regarding transfer of water supply to Westlands Water District. Various alternatives were outlined in the document, including reserving the option to transfer carryover water, SJR restoration flow water (in-lieu of recirculation back to the Friant-Kern Canal and regular supply transfer. No action was needed by the Board on this issue. It is expected, based on conversations with Martin McIntyre of San Luis Water District that they are interested in partnering with the District should a water supply need materialize for them this year. The Board expressed their desire to assist SLWD on a year by year basis.

and considering that 200,000 acre feet of water are going to be released to the SJR for interim flows, this an average year As of the February 10 date, the SJR watershed has on average received , which is at this point

8. Tri-Valley Irrigation District

The Board of Directors discussed the desire advanced by Tri-Valley Irrigation District for the District to commit any excess available supply to TVID by entering into an agreement therewith. After discussion, the Board agreed in concept to provide TVID with the first right of refusal of available District (surplus) supply at 85% of the market value on a yearly basis, for a period of up to 5 years. *The Board directed Manager Morrissey to discuss this concept with TVID's Engineer (Dennis Keller) and Director Katayama indicated he would similarly discuss the idea with TVID Director Colbert.*

9. Ag Discharge Waiver Expansion into Groundwater

Manager Morrissey brought to the Board of Directors attention, the Environmental Impact Report that the Regional Water Quality Control Board (RB) must perform to evaluate alternatives associated with the continuance of the Ag Discharge Waiver, as the existing waiver sunsets in June 2011 (waivers are only available for increments of five years). A summary of the issues and alternative approaches that the RB are considering (and which will be evaluated in their EIR) was provided to the Board and input was sought regarding the need to explore obtaining District landowner feedback relative to those alternatives for the purpose of determining if the District should support any particular alternative. One of the alternatives (#2) keeps the "coalition" groups active in the process, shielding landowners from direct interaction with the RB. The alarming fact of the matter associated with the Ag Discharge waiver, is its extension to groundwater. Now, all owners of irrigated lands will be considered dischargers because of their connection to groundwater.

The Board directed Manager Morrissey to get a perspective and recommendation on this issue from Gary Sawyers.

10. Electrical Power

Manager Morrissey discussed the Agricultural Energy Consumers Association Management Report from December 2009 with the Board. PG&E is proposing to increase agricultural and water pumping customers rates by 7.1%.

Manager Morrissey provided and discussed with the Board the California Department of Fish and Games response to the Pre-filing Consultation for Proposed License Amendment (FERC 11068). There was no action taken.

Manager Morrissey discussed the proposal from AC-Electric and SEL to provide as-built drawings of the FPA facilities as the plans on hand have been modified/corrected over the years such that they are in desperate need of being redone and retrofit the electro-

mechanical relays with digital (smart) relays for the three existing units (River Outlet, FKC, MC), respectively. Proposals were received and discussed by the FPA advisory Committee on February 5th. AC-Electric's proposed budget was \$178,425 and SEL's proposed budget was \$634,000. Because no competitive bids were received for this work and there was very little lead time to consider, the Advisory Committee recommended getting competitive bids for this work as it is a substantial project and advanced notice was not provided to the Advisory Committee.

Upon discussion, the Board agreed with the recommendation of the Advisory Committee. Director Brown will consider the Board discussion at the upcoming FPA BOD meeting when this will likely be a topic of discussion.

11. North West Kern Resource Conservation District

Manager Morrissey provided the Board with NWKRC's report on irrigation application efficiency in the District and their solicitation for support funds. The Board did not authorize support funding as this service is not widely used within the District, rather it has been used in the past by a very limited number of entities.

12. 9d Contract Conversions

Manager Morrissey and Director Collin III relayed to the Board the recent activities associated with the 9d contract negotiations with the Bureau. There remain a few issues to be agreed upon in relation to recirculation water financing details / memorialization and comingling of non-project water within a district and its relationship to RRA compliance requirements. Development of a restated contract (which will be Exhibit E to the new contract), will be worked on next and whose purpose is purely for administrative convenience. The terminology that becomes moot upon repayment of the capital obligation, will be removed from the document.

Meetings continue to occur and be scheduled. It may be that the final form of contract will be to the point where individual district details are to be inserted could occur before May.

13. Closed Session – Personnel Items

The Board met in closed session at 3:40 P.M. to discuss personnel issues.

14. Return to Open Session

The Board returned to open session at 3:50 P.M. and reported that they accepted Art Pipkin's application for Family Medical Leave.

15. Mid Pacific Water Users Conference

Manager Morrissey and Director Collin III shared some of the issues discussed at the conference. No reportable action was taken by the Board.

16. Proposition 218

Manager Morrissey discussed the Proposition 218 memo provided by Minasian et. al. No reportable action was taken by the Board.

17. Family Farm Alliance

Discussion of request for funding increase to the Family Farm Alliance was brought up, as a plea from Richard Moss was made at the Mid Pacific Water Users Conference for additional support. The Board agreed with the value of the FFA and decided to contribute an additional \$1,000 this year to the planned \$500, or a total of \$1,500 to the Family Farm Alliance this year. A motion to increase support by \$1,000 was made by Director Collin III and seconded by Director Miller. The Board voted unanimously in favor of the motion.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:15 P.M. with the next scheduled meeting to occur on Wednesday March 10, 2010 at 11:30 A.M.

Harvey A. Bailey, President

Fergus A. Morrissey, Secretary

Minutes of a Special Meeting of the Board of Directors of the Orange Cove Irrigation District held on Friday, February 26, 2010. The Meeting was called to order at 09:00 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/Secretary Robert T. Ramirez, Controller/Treasurer
Public	None Present

1. Call to order

The Special Board of Directors Meeting was called to order by Director Bailey at 09:00 A.M.

2. Additions to and approval of the Agenda

No additions to the agenda were suggested. Director Brown motioned to accept the Agenda and Director Miller seconded the motion. The Board voted unanimously in favor to accept the agenda.

3. Closed Session – Conference with Real Property Negotiators

The Board went into closed session with Legal Counselor Gary Sawyers at 09:05

4. Return to Open Session

The Board returned to open session at 09:25 with no reportable action.

The meeting was adjourned at 09:30 with the next regularly scheduled Board of Directors Meeting scheduled for March 10, 2010 at 11:30 P.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, March 10, 2010. The Meeting was called to order at 11:51 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/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 March 2010 was called to order by Director Bailey at 11:51 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey sought approval to add Agenda Items 15, 16 and 17 to allow for discussion of passing a resolution to execute a 215 temporary Water Service Contract with the Bureau of Reclamation (BOR), discuss PG&E's Proposition 16, and consider a resolution in support of Mr. Merle Aleshire as ACWA JPIA Vice President, respectively.

Director Brown motioned to accept the Agenda including the aforementioned additions and Director Katayama seconded the motion. The Board voted unanimously in favor to accept the modified agenda.

3. Public Comments

No public was present at the Board of Directors Meeting.

4. Approval of the Minutes

Director Miller motioned and Director Collin III seconded the motioned to approve both sets of draft minutes for the Special and Regular Board Meetings held in February of 2010. The Board voted unanimously in favor to accept the draft February 2010 sets of Board Minutes.

5. Approval of Bills

Controller Ramirez discussed with the Board the bills for the period February 11, 2010 through March 10, 2010 totaling \$422,770.89, including \$8.23 in discounts taken. Payments included a debt service payment of \$129,200.00 and General Fund Expenditures of \$292,687.12. Capital expenditures for lockers for field staff (\$565.50) and a file cabinet (\$318.27) were disclosed.

Controller Ramirez noted several payments, including but not limited to; purchase of a Hobart Welder for \$1,523.78, payment of \$7,912.22 to Friant Power Authority for work associated with the development of the expansion of power facilities at Friant Dam (cost was primarily associated with preparation of the FERC Application Amendment) and a plaque of appreciation for \$109.00 in recognition of Arthur Pipkin's 25+ years of exemplary service to the District.

6. Monthly Report

As of February 28, delinquent standby charges reduced from the previous month by \$20,245.18 to \$44,360.24 compared to last year's \$41,539.52 which represents about an 8% increase over last year. Controller Ramirez noted that Citro-San remains the lone delinquent water user account, with a balance of \$4,217.50 owed as of February 28, 2010. Controller Ramirez indicated that he needed to conduct research at Fresno County Recorder's office to determine the lien holder before pursuing collection efforts. It was noted that John Singer paid \$211.25 for a valve repair.

Staff reviewed recent delivery variation based on Friant read meters and District read meters. It is apparent that there is a trend on systems 6 and 11. Follow up on these systems accuracy will be taken up with Friant Water Authority.

Controller Ramirez noted earnings summary on the King River Siphon Hydropower Plant, the Fishwater Power Plant, recapped the LAIF Activity Report, discussed return on investments associated with the brokerage CD's secured for the capital repayment fund, and the return on CD's associated with the Rate Covenant Fund for the recently refinanced Revenue Bond associated with District infrastructure modernization.

Controller Ramirez compiled a summary of water orders based on the current 100% Class 1 declaration by the BOR. A total of 33,381.78 acre feet has been ordered within the District.

Operations / Maintenance Monthly Report was recapped by Manager Morrissey. Staff installed a new air vent vault lid on the shoulder of Friant Road as a result of the County's road widening project. The 150 horsepower pump at Turnout # 6 was removed by Zim Pump Company for diagnosis and repair in their shop. AC Electric completed their thermal imaging survey and found two rather serious trouble spots whose repair avoided potentially significant damage. It was noted that a full report is forthcoming. Agri-valley Irrigation acted as primary contractor for the replacement of an original 10-inch steel pipeline beneath the Avenue 432/Road 144 crossing. The project was a complete success. It was also noted that Joe Lea is back on the crew on a temporary / part time basis.

Manager Morrissey queried the Board members on their interest in attending ACWA's Spring Conference in Monterey. Directors Bailey, Collin III, Brown and Katayama expressed interest and reservations shall be made by staff to accommodate their attendance.

7. 2009 Reorganization

Manager Morrissey informed the Board that the public comment period on the proposed negative declaration period had run its course and the application package could now be completed for submittal to the Fresno Local Agency Formation Commission (LAFCO) and the BOR. There do not appear to be any issues of concern relative to processing of the 2009 Reorganization. With that consideration, the Board considered a Resolution (2010 -01) for making an application to LAFCO for the 2009-1 Reorganization. The following roll call vote was made:

Director Bailey – Aye

Director Collin III - Aye

Director Brown – Aye

Director Katayama - Aye

Director Miller – Aye

The Resolution passed with unanimous consent.

8. Water Supply

Manager Morrissey informed the Board that the BOR's initial water declaration stands at 100% Class I and 10% Class 2. This declaration includes reduction in water supply for the San Joaquin River Restoration Program Interim Flows of approximately 200,000 acre feet above the typical riparian demand of approximately 117,000 acre feet. Without the Interim Flows the Class 2 declaration would have been approximately 25%. Because of SJR flow constraints, the 200,000 is not expected to increase with increased available water supply generated in the upper San Joaquin River watershed during the remainder of the precipitation year (March and April) and therefore the 10% allocation (based on the 90% exceedence forecast) would increase with normal levels of precipitation during March and April. Manager Morrissey provided a schedule of the estimated Interim Flow Releases for the period through September 30, 2010. The peak release is projected to be 1,445 cfs above the riparian release during the first two weeks of April. Summer base flows are projected to be 150 cfs above the typical 200 cfs riparian release from the period May 14 – September 30.

Manager Morrissey informed the Board that 4,000 of the 4,832 acre feet of the 2009 carryover water had been transferred to Arvin Edison Water Storage District (Arvin). The agreement made with Arvin provides for return of 50% of the transfer amount back to the District during the 2010 water year on the District's demand. The available water 2010 water supply for the District is therefore 41,200 acre feet.

Manager Morrissey and Director Katayama met earlier this day with Tri-Valley Water District Director John Colbert to discuss a potential long term program. The concept of providing water to Tri-Valley at a rate of 85% of whatever the current market value of the water was at the time (reevaluated each contract year) was discussed with Director Colbert. As an alternative to that concept, Director Colbert suggested paying \$100 above the District's cost so as to stabilize the rate and allow for a uniform budgeting process for the District and Tri-Valley. The Board was not in a position to commit to this \$100 premium and preferred, at least for this year, to hold with the 85% market value rate. The Board directed Manager Morrissey to discuss the general transfer program opportunities, including banking arrangements, sharing of Tri-Valley capital for the development of groundwater banking, use of the Cross Valley Canal space allotted to Tri-Valley etc... with Dennis Keller.

Manager Morrissey informed the Board of the preliminary indication of Quagga Mussel, a serious non-native invasive pest for which there is no remedy beyond annual facility maintenance, has been detected in the San Luis Reservoir and reported to Friant Contractors by the BOR. If the presence of this organism is confirmed it could have serious economic consequences on irrigation districts on the west side of the SJV, and would for all intents and purposes put an end to the notion of Friant Contractors receiving water via recirculation of River Restoration flows as that water would undoubtedly be contaminated with this pest and there would be no desire to bring such water into the FKC. Manager Morrissey further explained to the Board that Friant's water supply out of Millerton Lake would likely not be subject to infestation due to the fact that the chemistry of Millerton water has inadequate levels of dissolved calcium which is necessary to support this pests viability.

Manager Morrissey provided various charts relating to the Districts supply shortfall / impact as a result of the SJR Restoration Program. The impact of the restoration program will be when Millerton inflow is between 400,000 acre feet and 875,000 acre feet with the greatest impact occurring when inflow is in the 700,000 acre foot range when the District will need to make up approximately 8,000 acre feet in order to provide 30,000 acre feet to growers. In order for the District to stabilize its supply reliability, during years with 100% Class 1 supply it will be necessary to transfer water in excess of in-District demand in order to receive a fraction of that cumulative transfer water during dry years. It appears today that the fraction may be as low as 25% to 33% as we are contemplating return in very dry years.

9. Electrical Power

Manager Morrissey informed the Board that Director Canata (DEID) would not be attending the Board meeting to discuss sale of the Fishwater Release Plant to FPA as he had to attend a funeral. At this time it appears that this option will not be put on the table in the foreseeable future. Aside from this issue, the Districts power plants are operating normally and revenues are being generated at a typical pace. The KRSH plant is doing somewhat better than average as flows in the FKC have been relatively minor and the head across the power plant has been high.

10. 9d Contract Conversion

Manager Morrissey and Director Collin III updated the Board on the progress associated with the contract negotiations. At this time there are two remaining issues; the expressed and implied language of 16(b) and the water delivery basis to which the Friant Surcharge reduction will apply between 2020 and 2039. While the former issue is being elevated to higher levels of the BOR, the position of the BOR on the latter issue generally conforms with the expressed desire of the contractors, which is to ensure the "financing cost" is recouped through the Friant Surcharge reduction over that time period.

11. Closed Session

The Board went into closed session at 2:27 P.M. to discuss realty negotiation issues associated with the Mill Creek water right and personnel issues.

12. Return to Open Session

The Board returned to open session at 2:40 P.M. with no reportable action.

13. Agricultural Discharge Waiver

Manager Morrissey relayed the position of Counsel Sawyers regarding the alternatives being considered in the EIR undertaken by the Regional Water Quality Control Board as the lead agency, relative to the next phase of development of the Ag Discharge Waiver and its forthcoming extension to groundwater. Manager Morrissey shared the correspondence with Sawyers on the issue, which advocated engagement and shaping the program through the coalitions, as there was not much basis to resist the water board's efforts to extend the waiver to include groundwater discharges.

14. Family Farm Alliance Conference Summary

Director Collin briefed the Board members on the FFA conference. In general, Director Collin III expressed his positive impression with the conference and the effectiveness of the work undertaken by the Family Farm Alliance. Several of the presentations were recounted for the Board members that did not attend. Director Collin III suggested that he was encouraged by the Alliance's efforts to promote farming in the west and felt future contribution to the Family Farm Alliance was worthy as was attendance at subsequent conferences.

15. 215 Contract

The Board of Directors considered adoption of Resolution 2010-02 to enter into temporary (215) contracts with the United States for the 2010 contract year in the event that type of water develops in Millerton. The following roll call vote ensued:

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

The Resolution passed with unanimous consent. Manager Morrissey and President Bailey will execute the contract and submit to the BOR.

16. PG&E Proposition 16

The Board discussed PG&E's proposition to hinder public agencies from providing electrical power to its customers by legislating that a 2/3 landowner majority vote be required for such a pursuit. No action was taken.

17. ACWA JPIA Vice Presidential Candidate Consideration

The Board discussed supporting ACWA JPIA Vice Presidential Candidate Merle Aleshire. Upon consideration of his record and qualifications, the Board voted unanimously to adopt a resolution in support of his candidacy.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:24 P.M. with the next scheduled meeting to occur on Wednesday April 14, 2010 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 14, 2010. The Meeting was called to order at 11:50 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/Secretary
Robert T. Ramirez, Controller/Treasurer
John Sanders, Field Operations Supervisor

Public Miguel Vicuna

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

1. Call to order

The regular Board of Directors meeting for April 2010 was called to order by Director Bailey at 11:50 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey sought approval to move agenda item #13 to a closed session item - #10c.

Director Brown motioned to accept the Agenda including the aforementioned modification and Director Miller seconded the motion. The Board voted unanimously in favor to accept the modified agenda.

3. Public Comments

Landowner, Miguel Vicuna was present at the meeting to express to the Board his lack of responsibility for paying an invoice sent to him by the District for labor and materials needed to repair a broken air vent located on his property. Mr. Vicuna asserts that if he did not break it, he is not going to pay for it.

Mr. Vicuna (through translation provided by Controller Ramirez) was told the District's position that land modifications undertaken by Mr. Vicuna surrounding the air vent have led to it being susceptible to damage by traffic. The air vent location was initially chosen by the District in conjunction / mutual agreement with the former landowner; it's existing location was based on it being a safe and out-of-the-way location. The District informed Mr. Vicuna the District's landowners (in the collective sense) are not responsible for decisions made by an individual landowner that result in an air vent being in a vulnerable location (in this particular case as evidenced by the fact that the subject air vent has been damaged three times in the last two years).

The modifications undertaken by Mr. Vicuna include:

- Removal of trees surrounding and protecting the air vent from traffic, and
- Creation of a driveway (where trees once had been) immediately adjacent to the air vent.
- Driveway serves as ingress and egress for a travel trailer, which according to District staff is serving as a rental unit.

Upon further discussion, the Board offered to effectively reduce the invoice by 50% (that portion which covered the material expenditures of the District), even though it was the unanimous view of the Board that the actions of Mr. Vicuna were completely to blame for the damage; the Board considered this offer as more than fair.

Mr. Vicuna was unwilling to accept this offer, first arguing that he did not cause the damage, then arguing that it was not broken but just needed to be threaded back on (the air vent was in the Board Room and it was shown to him that it was indeed broken). Manager Morrissey expressed to Mr. Vicuna that the District does not conduct business in a manner to take advantage of a landowner, and his suggestion in this vain was an insult to the integrity of the District. Upon seeing that the air vent was indeed damaged,

Mr. Vicuna abandoned his argument along this line.

Mr. Vicuna then told the District needed to relocate the air vent to a suitable (safe) location. It was pointed out to Mr. Vicuna again that his modifications (creating a driveway) led to its position not being in a safe location and that was not something the District was willing to do, however he was non-receptive to the District's position.

When told his delivery would be locked up if he did not pay, he informed the Board, through Controller Ramirez, that he did not care. Mr. Vicuna then informed Controller Ramirez that he was not going to pay the Standby-Charge.

Seeing the discussion was deteriorating it was the apparent sense of the Board that Mr. Vicuna was steadfastly unreasonable in his resolve to avoid any responsibility for the damage. Controller Ramirez informed Mr. Vicuna that by not paying the Standby Charge or the invoice, the District would exercise its right to impose a lien on his property, thereby clouding the title.

Upon hearing this, Mr. Vicuna agreed to pay half (he is intending on selling his property at this time), under the condition that if damage is to happen again, he would not pay because the District should move the air vent. The Board informed Mr. Vicuna, through Controller Ramirez, that they were by no means agreeable to that condition. Mr. Vicuna left the Board meeting on pleasant terms, thanking the Directors for their time.

Controller Ramirez will generate a new invoice (at approximately 50%) and submit for payment to Mr. Vicuna.

4. Approval of the Minutes

Director Brown motioned and Director Miller seconded the motioned to approve the minutes for the Regular Board Meetings held in March of 2010. The Board voted unanimously in favor to accept the draft March 2010 Board Minutes.

5. Approval of Bills

Controller Ramirez discussed with the Board the bills for the period March 11, 2010 to April 10, 2010 totaling \$401,176.94.

Controller Ramirez noted payment of \$428.56 to the Fresno Bee for publicly noticing potential water transfers in excess of 20% of Contract Supply undertaken by the District in the 2010 Water Year. The Board suggesting posting in the Fresno Business Journal as an alternative, noting this publication may be better suited. Manager Morrissey will see if this is an acceptable approach to the USBR.

Payments to the Friant Water Authority and the Friant Water Users Authority were noted by Controller Ramirez. This prompted a question from Director Brown regarding the status of the consolidation of the two Authorities. Director Bailey relayed that the process was moving forward and an alternative dues formula was being explored so that smaller Districts could join the consolidated Authority (Friant Water Authority) without staining their budgets. It was also noted that there is an interest by the Authority and the City of Fresno, for the City to join the Authority. Concerning budgetary impact of the consolidation, it was also conveyed to the Directors that the consolidation may slightly reduce costs in that each Authority would not need its own General Council and there would be some administrative cost reductions, however Manager Morrissey suggested that the cost difference to the District may be unnoticeable as the Authorities costs fluctuate and relative to total budgets, efficiencies will be relatively minor.

Various other expenditures were noted by Controller Ramirez, including the Minasian bill for legal services. The District's pro rata share of 5,584.98 was attributable to the considerable effort being made to negotiate the 9d Perpetual Contract. Manager Morrissey indicated that this effort is winding down and that level of expense will diminish moving forward.

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

6. Monthly Report

As of March 31, delinquent standby charges reduced from the previous month by \$5,690.32 to \$38,669.92 compared to last year's \$39,113.62. Controller Ramirez noted that Citro-San remains the lone delinquent water user account, with a balance of \$4,235.00 owed as of March 31, 2010. This property is located at Cove and Central and is presently for sale on the market with Pearson Realty.

Water usage during the month of March totaled 127 acre feet, according to Authority records.

Controller Ramirez noted that the KRSHP has generated a total of \$49,649.42 through February. This level is far better than last year's (October through February) total of just over \$18,000.

Controller Ramirez noted that the FWR facility is on pace, with a revenue to date (Since January 1) of \$41,443.55. As Millerton fills and the head increases on the power plant, monthly revenue generation will move from the \$20,000 per month to closer to \$30,000 per month. I

Controller Ramirez noted that LAIF interest showed its first increase in monthly returns in a long time, currently returning at an annual interest rate of 0.577%. The LAIF balance is \$4,905,070.16 as of March 31. Within LAIF funds, approximately \$1.5 million could be made available to pay-off the outstanding capital balance of the District in order to convert to a 9d Contract (in addition to the \$4 million in the Capital Repayment fund held in a series of brokerage CD accounts).

Controller Ramirez noted that the Capital Repayment fund balance is \$4,058,865.

Controller Ramirez noted that the Rate Covenant Fund (system rehabilitation debt service reserve) stands at \$375,000 with interest payable on March 15 and September 15.

An acreage summary table was briefly discussed. The table reveals that 20,342 acres of the Districts total acreage of 27,961 acres is planted to oranges and tangerines (73% of the total acreage).

A table illustrating the District's irrigation types was provided for the Board to review. Based on the information, the Board suggested categorizing the various types differently in the next landowner survey to make more clear the distinction between sprinkler and low volume sprinkler irrigation types as it appears that there may be some misinformation being conveyed. Controller Ramirez will send out a revised list with next year's water order reminder.

Operations / Maintenance Monthly Report was recapped by Supervisor Sanders. Staff informed the Directors that the Authority installed a new style of trash rack on turnout 3, one that is hoped to be self cleaning and to result in less aquatic weed intake. District staff will closely monitor the effectiveness of this installation as it may be advantageous to install this type of screen on a FKC wide basis.

Numerous air vents were installed during March, including a repair at landowner Vicuna's property discussed above. Other damaged vents were repaired by landowners under the procedural direction of Staff. Staff installed a 2-inch meter on landowner Pardo's delivery as his usage was not great enough to register on the previous 4 inch meter. Supervisor Sanders noted that Zim Pump installed the 150 horsepower pump on system #6.

Manager Morrissey sought approval from the Board to purchase the two operations / field vehicles that were budgeted for this year. After receiving bids from the CMAS (State Bid Program) it was determined that in order to outfit the vehicles with power windows and door locks (power group), the approved budget amount would be exceeded by \$3,808. The Board was asked for concurrence that purchasing the vehicles with said power group package would be acceptable. Following some discussion, the Board confirmed they were agreeable to purchase of vehicles with the power group option as it provided additional safety, greater resale value and ergonomic benefits for field personnel.

7. Water Supply

Manager Morrissey discussed this year's water supply with the Board of Directors. During March, in-District use totaled 127 acre feet. The District is presently using carryover water from last year (which totals 831 acre feet) and expects to use all of that prior to end of the existing Uncontrolled Season / Millerton Spill. Spill does not appear to be likely as the Bureau and Friant are managing the water supply carefully, so as neither to spill nor bite into the Class 1 supply after the end of Uncontrolled Season. The Class 2 declaration at this time is 15%, with 5% increments to be taken in bi-weekly blocks through the end of May, by Class 2 contractors. The District has 2,000 acre feet of its carryover that it transferred to Arvin returnable from Arvin Edison on District demand after consumption of the aforementioned 831 acre feet carryover retained by the District.

Manager Morrissey discussed the Tri-Valley Water District water transfer terms that he advanced to Tri-Valley and received concurrence from the Board that the approach was agreeable. The terms (which apply only to this year) provide for selling District water to Tri-Valley at a \$100 per acre foot premium. The terms further require that whatever quantity of Cross Valley Canal Contract water held by Tri-Valley is moved through the Delta during the 2010 water year (this could be up to 300 acre feet), will be transferred to SLWD on the District's behalf. For that amount of water, Tri-Valley shall pay to the District, a total of \$80 per acre foot to the District who will exchange that CVC supply with Tri-Valley for 2010 Class 1 supply out of Millerton Reservoir.

8. Electrical Power

There was limited discussion on electrical power. The primary discussion related to the financing of the District's share of FPA's expanded RO plant at Friant. Based on bonding outlook yields of 7.5%, there may be a more cost effective way to approach payment of the District's share than lumping together FPA wide and relying on the Bond Rating of PG&E, whose rating would be used if the contract to sell the generate power is made with that entity.

There are no other significant power issues at this time.

9. 9d Contract Conversion

Manager Morrissey expressed that there was one final issue to be resolved and that it appeared the 16(b) provision, which contained the objectionable phrase "expressed and implied", was being resolved to the contractors satisfaction. One remaining financial issue remains to be resolved, related to reallocated capital payments being lumped in with "incurred capital" which according to Friant's Settlement negotiators was not part of the "deal". It is hoped/anticipated that this will similarly be resolved to the contractors satisfaction.

10. Closed Session

The Board of Directors went into Closed Session at 2:40 P.M. to discuss:

- Mill Creek Real Property Negotiations
- Personnel Issues
- Potential Litigation

11. Return to Open Session

The Board returned to Open Session at 3:05 P.M. with no reportable action.

12. Investments and Investment Policy Review

The Board discussed its existing Investment Policy Statement. One modification of substance was made in order to clarify the document. The underlined section of the following section represents the change to be made pursuant to the Board's direction:

"The General Manager or his/her designee may only invest funds in the following secure and reliable permitted investments and only after receiving direct Board of Director approval to do so:....." In addition to this substantive change, Manager Morrissey made several non-substantive changes to the document associated with formatting and general document organization in order to improve its readability.

Manager Morrissey provided the Board with alternative investment options (aside from LAIF and FDIC insured certificates of deposit, and relative returns of those investment options. As far as guidance with respect to changes from current investments, the Board considered any potential gains in reallocating funds from any FDIC insured instrument to a non-FDIC insured instrument (with a AAA rating, for example) to not be worth the increased risk.

The Board suggested review of considerations such as these, when markets change, to be appropriate on a quarterly or semi-annual basis, but should in no way distract Manager Morrissey from other functions, more central to, the operation and overall health of the District and its preservation.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:37 P.M. with the next scheduled meeting to occur on Wednesday May 12, 2010 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, May 12, 2010. The Meeting was called to order at 11:47 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President H.A. "Gus" Collin III, Vice President David Brown Russell Katayama Arlen Miller
Officers:	Fergus A. Morrissey, Engineer-Manager/Secretary Robert T. Ramirez, Controller/Treasurer John Sanders, Field Operations Supervisor
Public	None

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

1. Call to order

The regular Board of Directors meeting for May 2010 was called to order by Director Bailey at 11:47 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey sought approval to add an Agenda item related to the Board's making a determination to adopt a Notice of Exemption relative to the District's embarking on a "project". Said project entails the conversion of the existing Water Service Contract with the United States (I75r-1672 Ltr1) to a Repayment Contract with the same. This potential action arose subsequent to mailing of the Board Packets on May 7th, arising the morning of this day, May 12, 2010. Because this action must be taken up within 5 days of the Board's resolution to pursue to the "project", and to avoid a special meeting for taking the proposed Agenda item, and further because this Notice of Exemption document was not received from legal counsel prior to the day of the Board meeting, the Board may add this item to the mailed Agenda only if there is a minimum of 4/5 vote of the Board of Directors to do so.

Director Collin Motioned adding this Agenda item to the meeting as item 13b. Director Brown seconded the motion. When called to a vote on the matter, the Board voted unanimously in favor to add the item to the Agenda for further discussion and consideration.

With the aforementioned addition, Director Brown motioned to accept the modified Agenda and Director Collin seconded the motion. The Board voted unanimously in favor to accept the modified Agenda.

3. Public Comments

No public was present at the meeting.

4. Approval of the Minutes

Director Miller suggested the District adopt a policy with respect to future public comments. Because at the April Board Meeting Controller Ramirez had to act as an interpreter / intermediary between Mr. Vicuna (a member of the public) and the Board in order for communication to progress, Director Miller was of the mind that this service should not be undertaken by District Staff. Director Miller requested that a legal opinion on this potential policy be sought. The primary impetus for such a policy would be to have an independent interpreter present so that there could be no claim of intentional misrepresentation on behalf of the commenting public. Director Miller suggested that henceforth, the commenter, if he or she wished to communicate with the Board in any language in which the Board are not all conversant, had the responsibility to provide their own interpreter. After some discussion, the Board agreed with the sentiment of Director Miller and *Manager Morrissey will take advisement from legal counsel as to this policy's legality.*

Director Katayama motioned and Director Miller seconded the motioned to approve the minutes for the Regular Board Meetings held in April of 2010. The Board voted unanimously in favor to accept the draft April 2010 Board Minutes.

5. Approval of Bills

Controller Ramirez discussed with the Board the bills for the period April 11, 2010 to May 12, 2010 totaling \$401,805.28.

Manager Morrissey queried the Board regarding their support or opposition for a plan to create a GIS database of the District's distribution system. This effort would require the purchase of a relatively sophisticated GPS device to attain the most useful degree of accuracy (< 1 meter) and would require an investment of approximately \$5,000. The Directors thought it would be beneficial to create this database but were concerned that execution of the project might fall to a low priority and never be completed. Director Brown motioned to authorize the purchase and proceed with the project provided that it was completed in one year. Manager Morrissey indicated that that was doable, but requested the one year clock not begin until the equipment was purchased and in hand in light of the fact that the District has a brand new field staff employee that is devoting his time to learning about the District's system. Director Brown understood and modified his motion to reflect clock not starting until the device was in hand. Director Collin III seconded the motion and the Board voted unanimously in favor thereof. ***Manager Morrissey will hold off on any purchase in this regard until there is a comfort level that the motion constraint can be satisfied.***

Director Miller motioned to pay the bills as presented. Director Katayama seconded that motion and the Board voted unanimously in favor of paying the bills presented and recapped by Controller Ramirez.

6. Monthly Report

Controller Ramirez prepared a detailed analysis of deliveries according to District meters compared to Friant Water Authority's canal side meter totals. It was found that the two sets of information are in agreement with variation attributable to differences between the days meters readings were recorded.

Delinquent Standby charges were summarized by Controller Ramirez. Controller Ramirez noted that every delivery associated with a delinquent Standby charge is presently locked. It was also noted by Controller Ramirez that every property associated with a delinquent Standby Charge dating back to 2009 or sooner has a lien recorded with the County.

Manager Morrissey noted that three of the brokerage CD's held by the District have been called and those funds would need to be diverted back into LAIF.

Controller Ramirez noted the Opinions provided by legal counsel (Minasian et al and Sawyers) relative to the legal and or water supply threats to the District for the 2009 yearend audit.

Water usage during the month of April totaled 130 acre feet, according to Authority records.

The Board members were introduced to new field operations staff employee, Keith Clem who started with the District on April 22, 2010 and whose title is System Operations Technician. The Board expressed that they were happy to have Keith as part of the team and they and look forward to working with him.

Supervisor Sanders conveyed to the Board that the field staff has been busy dealing with leaks throughout the system, which are generally expected at the beginning of each season. Notwithstanding new staff and various health issues of existing staff, the field department has been able to keep up with necessary repairs and minimize system down time as growers begin taking delivery of District surface water. Supervisor Sanders mentioned to the Board that nearly all of the gate valves within the District leak to some extent (typically minor) and that many need repacking / replacement to reduce the amount of leakage.

Manager Morrissey informed the Board that the City of Orange Cove is requesting a meeting with him later in the week to discuss the District's potential acceptance of the City's tertiary treated wastewater into its distribution system for agricultural deliveries. The Board informed Manager Morrissey that this was attempted before and several problems arose that cause the Board Members to have significant reservations concerning its re-implementation. The Board expressed several concerns regarding moving forward

with this project again, including but not limited to:

- i. Past history of failure on the part of the City to comply with Regulations,
- ii. General water quality concerns:
 - a. Ability for the effluent to meet “organic food production” standards,
 - b. *National Food Safety* regulations - packing houses and groves (forthcoming),
 - c. European Protocol,
- iii. Grower acceptance,
- iv. Additional workload on the District’s small staff,
- v. Backflow into the FKC,
- vi. Operational concerns,
 - a. District demand coincident with effluent flow
 - b. Integration of flow into Districts infrastructure / SCADA Control
 - c. Ability for City to continuously monitor
- vii. Apparent reservation for City to apply effluent to school landscaping (double standard?)

Manager Morrissey indicated to the Board that he would bring these concerns to the City’s attention in the forthcoming meeting.

Manager Morrissey was asked to ascertain where the FWA lobbyists are with respect to this issue and water quality legislation (i.e. National Food Safety) that may affect agricultural water providers and producers.

7. Electrical Power

The Board discussed the Friant Power Authority’s river outlet (RO) expansion project. Director Brown informed the Board that Manager Welch (Chowchilla) expressed concern at the recent FPA BOD meeting regarding the viability of the project; specifically the revenue projections from MacDonald Partners (FPA Consultant) seemed unjustifiably high which would mean the project is not viable. This was a concern to Director Brown as well. Manager Morrissey recalled that MacDonald Partners gave a presentation several months ago regarding their financial projections on the project cost and revenue side and expected the outcome of the revisit being undertaken by FPA regarding same would resurrect information previously provided by the consultant and furthermore that information should address the concerns raised by Manager Welch.

The Board discussed the importance of having a cash flow timeline prepared by FPA (relative to the RO expansion project) in order to evaluate pending financial obligations that will soon affect the District to help determine how funds (existing reserve) should be used to pay for power improvements as well as 9d financing. This information will be requested by Manager Morrissey at the next FPA BOD meeting.

There are no other significant power issues at this time.

8. Water Supply

There is no shortage of water supply this as far as Friant Division Class 1 supplies are concerned. Millerton Reservoir continues to be drawn down to make storage space available for spring runoff that is being delayed by unseasonably cool weather. It is anticipated that 30 % Class 2 supplies will be made available during the Uncontrolled Season this year and once the Reservoir is under control, it is anticipated that a residual of 10% Class 2 will remain available. Based on the projected inflow, Millerton will most likely spill.

Manager Morrissey discussed with the Board transfers associated with Tri-Valley Water District and San Luis Water District.

9. FWA Issues

Manager Morrissey briefly discussed various issues of interest to the Friant Water Authority, including Petition for Writ of Prohibition and Complaint for Declaratory Relief filed by Delta Diverters whom have been handed Cease and Desist Orders from the State Water Resources Control Board for illegal diversions, correspondence between the Regional Director of Reclamation and legal counsel of the Lower San Joaquin River Levee District regarding the passing of interim flows into the bypass systems which are, according to State Board Permits, limited to flood flows, a discussion of 2010 water

supply impacts from the Biological Opinions, and the status of Recovered Water Account balances as of February 28, 2010. No action was taken by the Board regarding any of these issues and the information was provided to generally inform the Board members of Broad issues that could have an effect on District water supply.

10. 9d Contract Negotiation Status

Manager Morrissey went through current draft contract as this latest draft was included in the Board packet mailed to each Director and kept in the District Office for review. Manager Morrissey indicated that the Board would be looked to for action on approving the District accept the contract provided it would remain in substantially the same form as the draft contract under review. Manager Morrissey informed the Board that at this time, all issues have been worked out to the satisfaction of the Friant Division attorneys engaged in the negotiation process and that validation action and a notice of determination that the project is exempt from CEQA would be sought later in the Board meeting.

Manager Morrissey shared with the Board, financial analysis provided to the Friant Division by Wells Fargo on April 22, 2010. The analysis shows Friant Division-wide and district specific 9d financing cost projections based on the 40 year bond index and the 20 year CMT (Discount) rate. At that time the CMT was at 4.48% which would result in the cost to the District of roughly \$5,000 per year to convert its contract. This is based solely on the Discount Rate and bonding needs / market to pay off the District's capital obligation which is necessary to convert the existing contract to a 9d contract.

11. Groundwater Policy Position

The Friant Water Authority Board asked member districts to indicate their position relative to groundwater regulation in California in order to determine if the FWA was in a position to represent a Friant-Wide policy position on the issue. The Board's position on groundwater regulation at this time is most closely aligned with the following statement:

The District views groundwater as a private property right and resists any attempt to control/regulate by State or local agencies.

Manager Morrissey will convey this District position to the FWA.

12. Kaweah Delta Water Conservation District Inclusion

The Board of Directors passed by unanimous vote, 5 Ayes, 0 Noes, Resolution 2010-04, directing the Friant Water Users Authority to amend their Joint Powers Agreement for inclusion of Kaweah Delta Water Conservation District as a General Member.

13. Validation Action

i. Resolution to Proceed with Validation Action

The Board considered Resolution 2010-05, to pursue Validation Action for entering into a Repayment Contract with the United States, to become effective upon payment of the District's payment obligation. Director Collin III motion to approve the Resolution. Director Katayama seconded the motion to that affect. After a call for vote, the Board of Directors voted unanimously in favor of the Resolution to proceed with Validation Actions for the contract conversion provided it is in substantially the same form as that provided in the meeting packet.

ii. Resolution to adopt a Notice of Exemption

The Board considered Resolution 2010-06. This resolution will be adopted if the Board considers that the conversion of its contract with the United States of America, Bureau of Reclamation, from a Water Service Contract to a Repayment Contract is exempt from the California Environmental Quality Act and Authorizes filing of a Notice of Exemption. Director Brown motioned to adopt Resolution 2010-06 and Director Miller seconded that motion. Acting on the motion and second, the Board voted unanimously in favor of adopting Resolution 2010-06.

14. Closed Session

i. Real Property Negotiation

The Board went in to closed session at 3:48 P.M. to discuss the real property negotiations associated with the Mill Creek water right.

15. Return to Open Session

The Board returned to open session at 4:04 P.M. with a statement of no reportable action.

16. Investment Policy

The Board reviewed the final form of the modified IPS of the District, approving its final form.

17. Water Smart Grant

In order for District staff to pursue a 50% cost share funding under the Bureau of Reclamations Water Smart Grant for an on peak reservoir for System 1A&B and 1N, the Board must authorize a resolution to that affect. On motion of Director Katayama and second of Director Miller, the Board unanimously resolved to pursue funding for the on peak reservoir storage development on System 1, in an amount of up to \$110,379, by adopting Resolution 2010-07.

With no further business to discuss, the Board of Directors meeting was adjourned at 3:37 P.M. with the next scheduled meeting to occur on Wednesday June 9, 2010 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 9, 2010. The Meeting was called to order at 11:46 A.M., with the following Directors and Officers present:

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

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

Public Paul Adams – Booth Ranches

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

1. Call to order

The regular Board of Directors meeting for June 2010 was called to order by President Bailey at 11:46 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey sought approval to move Closed Session Agenda Items 15 a and b to follow Agenda Item 6, Monthly Report. Director Katayama motioned to approve the Agenda with the requested modification. Director Miller seconded the motion and the Board unanimously approved the modified Agenda.

3. Public Comments

No public was present at the beginning of the meeting. Paul Adams, representative of Booth Ranches, joined the meeting following the Closed Session Items for discussion of the 9(d) negotiation / Repayment Contract status.

4. Approval of the Minutes

Director Brown motioned and Director Collin III seconded the motioned to approve the minutes for the Regular Board Meeting held in May of 2010. The Board voted unanimously in favor to accept the draft May 2010 Board Minutes.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Noted was payment of \$107,238.26 to John and Linda Patrick, final payment for their interest in the Mill Creek water right acquired by the District. Also noted were payments to LAFCO for 2009-1 reorganization, purchase of 1,800 gallons of fuel to J.C. Lansdowne, Inc. at \$2.8 per gallon after federal taxes and sales tax, and debt service payment to U.S. Bank Trust in the amount of \$129,200.00.

Director Brown inquired into the employment status of Friant Operations Chief Antonio Buelna (Tony), noting disbursement for an appreciation luncheon for Tony. Manager Morrissey informed the Board that Tony was not retiring but was given an opportunity to be the Tracy Field Office Chief of Operations. Tony has worked as head of operations at Friant Dam for about the last two decades and will be missed by the Friant long term contractors.

Controller Ramirez noted that the petty cash report was amended to include a column for the staff person requesting the petty cash. Total petty cash expenditure for the month of May was \$156.90.

6. Monthly Report

Controller Ramirez noted filing of bankruptcy by landowner Echeveste who have a total delinquency of approximately \$1,960 in Stand-by charges going back to 2008. Remaining delinquency due the District as of May 31 was approximately \$21,243, a reduction of nearly \$15,000 from the previous month's delinquency.

Controller Ramirez noted that there are presently no delinquent water accounts, Citro San having paid their delinquency. To ensure that there are no delinquencies accruing to this account, water usage is being monitored weekly and their meter will be locked when they have used their allotment as paid for this year.

Controller Ramirez noted that 33,539 acre feet of water orders were received for contract

year 2010.

Supervisor Sanders noted repairs and maintenance performed by the field staff during the previous month. No major issues were discussed and it was noted that routine O&M activities took place during the month of May.

Manager Morrissey discussed with Counsel Sawyers (prior to the Board Meeting), the question of whether it is the District's obligation to provide for a translator or that of the public if that individual does not speak English. Counsel Sawyers recommended the District need not on the spot provide a translator. If advance notice is made by the public, at that time the District can inform that individual that it is their obligation to provide a translator when addressing the Board of Directors. If the member of the public refuses, at that point staff can deal with the issue (i.e. on a case by case basis).

7. Closed Session

- a. Personnel**
- b. Real Property Negotiations**

The Board went into Closed Session at 12:27 P.M. to discuss personnel issues and real property negotiations associated.

The Board returned to open session at 1:55 P.M. and reported that no action was taken. The closed discussion is to be continued at the next Board of Directors meeting in July.

8. Recycled Water

Manager Morrissey noted that the City of Orange Cove was not prepared to meet to discuss possible use of the City's recycled water within the District. The City informed Manager Morrissey that they would defer discussions until the next BOD Meeting in July, and would provide the District with information in time for that meeting.

9. Workers Compensation Insurance

Controller Ramirez sought six quotes for Workers Compensation Insurance for 2010-2011. Of those quoting, Preferred Employers Insurance Company was the lowest at \$14,293.00. The second lowest was State Compensation Insurance Fund at \$20,976. The Board approved selection of PEIC as the policy holder for 2010-2011.

10. Electrical Power

Manager Morrissey discussed with the Board, FPA's decision to accept the URS' proposal for *Equipment Procurement Engineering and Associated Initial Engineering for the New River Outlet Powerhouse*. Work under this proposal includes preliminary engineering, development of design criteria, support of PG&E Interconnection Study, preparation and procurement documents and technical specifications for long lead items and coordination with the BOR. The total cost estimate came in at \$47,823. At the recent FPA Board Meeting, Manager Morrissey asked URS for a cash flow analysis to assist districts with determining needs and timing associated with RO expansion and 9d refinancing.

11. Water Management

No material discussion on water management took place at the meeting.

12. LAIF

Manager Morrissey discussed a presentation and offer by Rabobank where they are offering money market accounts indexed to LAIF + 15 basis points. The Board authorized Manager Morrissey and Controller Ramirez to exercise their own discretion relative to diverting any funds from LAIF to Rabobank and did not see the upside as being appreciable enough to warrant action.

13. 9(d) Contract Negotiation Status

Legal Counsel Meith briefed the Board of Directors on the particulars of the negotiated 9d contract. Landowner representative, Paul Adams, was present at the meeting to during the discussion. Essentially, Counsel Meith expressed that the contract gave a permanent right to a stated share of the water supply, however, nothing is guaranteed as laws can be changed, water can be taken by the Judicial Branch for other purposes, etc...

At the May Board meeting, action was taken on a resolution to validate the negotiated contract and to file a Notice of Exemption with Fresno and Tulare Counties concerning the lack of potential environmental effects as a result of entering into the Repayment Contract. Because there was a substantive change in the negotiated contract in the intervening time between the May and June Board Meeting, it was necessary for the Board to reconsider and resolve again those previous actions.

14. Validation Action - Resolution to Proceed with Validation Action

The Board considered Resolution 2010-07, to pursue Validation Action for entering into a Repayment Contract with the United States, to become fully effective upon payment of the District's payment obligation. Director Collin III motion to approve the Resolution. Director Katayama seconded the motion to that affect. After a call for vote, the Board of Directors voted unanimously in favor of the Resolution to proceed with Validation Actions for the contract conversion provided it is in substantially the same form as that provided in the meeting packet.

15. Resolution to adopt a Notice of Exemption

The Board considered Resolution 2010-08. This resolution will be adopted if the Board considers that the conversion of its contract with the United States of America, Bureau of Reclamation, from a Water Service Contract to a Repayment Contract is exempt from the California Environmental Quality Act and Authorizes filing of a Notice of Exemption. Director Brown motioned to adopt Resolution 2010-08 and Director Miller seconded that motion. Acting on the motion and second, the Board voted unanimously in favor of adopting Resolution 2010-08.

16. Cell Phones

The Board left it to the discretion of Manager Morrissey as to how to administer cell phone use and that a change was authorized provided there was no net increase in cost to the District.

17. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 4:28 P.M. with the next scheduled meeting to occur on Wednesday July 14, 2010 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 14, 2010. The Meeting was called to order at 11:51 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President H.A. "Gus" Collin III, Vice President David Brown Arlen Miller
Officers:	Fergus A. Morrissey, Engineer-Manager/Secretary Robert T. Ramirez, Controller/Treasurer John Sanders, Field Operations Supervisor
Public	Alan Bengyl - Orange Cove City Manger Julian Chapa - Orange Cove Finance Manager Patrick Ostley - Orange Cove Consultant (Kennedy-Jenks) Raul - Orange Cove Consultant (Yamabe & Horn) Joe Mastro – District Auditor (Mastro & Associates) Richard Moss - District Consultant

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

1. Call to order

The regular Board of Directors meeting for July 2010 was called to order by President Bailey at 11:51 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey did not propose to modify the Agenda. Director Brown motioned to approve the Agenda. Director Miller seconded the motion and the Board voted unanimously to approved the Agenda.

3. Public Comments

Noted public present at the meeting were there to discuss particular Agenda items and did therefore not offer any general comments to the Board of Directors.

4. Approval of the Minutes

Controller Ramirez noted an error in the June draft minutes where it was written that quotations for workers compensation received were for the 2009-2010 year. In actuality, quotations were received for 2010-2011 (July 2010 – July 2011). Aside from that discrepancy there were no suggested corrections or modifications. Director Brown motioned and Director Collin III seconded the motioned to approve the minutes for the Regular Board Meeting held in June of 2010 pending the noted correction. The Board voted unanimously in favor to accept the draft June 2010 Board Minutes with the noted correction.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Director Miller inquired as to the costs for facility alarm services and suggested to Supervisor Sanders that he obtain a quotation from J&D Alarm Company, a local company out of Visalia. Controller Ramirez noted the various atypical / non recurring payments to the Board of Directors. Following discussion Director Miller motioned and Director Brown seconded the motion to pay the bills as presented. The Board voted unanimously in favor to pay the bills as presented and discussed with staff.

6. Monthly Report

Controller Ramirez noted filing of bankruptcy by landowner Echeveste who have a total delinquency of approximately \$1,960 in Stand-by charges going back to 2008. Director Brown inquired as to the position of the District to receive payment upon resolution of the bankruptcy. Controller Ramirez indicated that the District was second in line, right behind the County, and would ultimately receive monies due.

Controller Ramirez noted that there are \$0 outstanding water delinquencies within the District. As of June 30, 2010, standby delinquencies totaling \$52,189.22 were noted compared to last year's delinquency of \$73,387.48 on June 30.

Manager Morrissey noted various transfers being undertaken to maximize water supply and revenue and informed the Board that the District was on track to carry over 17,000 acre feet of water available for the 2011 Contract Year.

Controller Ramirez noted revenues from hydropower plant operations where it appears there may be sufficient revenue generated by the KRSH plant to result in a royalty payment to the District this year.

Controller Ramirez summarized restricted and unrestricted reserves available in LAIF as of June 30. The LAIF balance at this time is \$6,496,578.58 of which approximately \$2,800,000 could be taken to cover obligations of the District, including 9(d) capital repayment and or FPA expansion capital. Month ending May 31, 2010 rate of return on LAIF funds was 0.560%.

Controller Ramirez noted Certificate of Deposit balances in the 9(d) Capital Repayment fund was \$2,789,671 and in the Rate Covenant Fund was \$377,531 as of June 30.

Supervisor Sanders noted repairs and maintenance performed by the field staff during the previous month within the District in addition to repairs at the FWR powerplant. At the power plant repairs were needed due to damage sustained by an electrical circuit breaker. The circuit breaker that failed was found to be obsolete so a new breaker was purchased and installed by AC electric. The FWR plant was out of service for approximately 1 week during June and so the revenue generated for the month of June will likely be 75% of normal (\$30k is typical June revenue so the loss is expected to result in a decrease in revenue of \$7,500). In addition to replacement of the destroyed breaker, additional protection was added to the main / incoming circuit breaker that was found by Supervisor Sanders to be vulnerable. No major issues within the District were discussed and it was noted that routine O&M activities took place during the month of June.

7. 2009 Audit

Joe Mastro CPA reviewed the findings and summarized the 2009 Fiscal Year 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, 2009 and his finding that 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 Collin III seconded that motion to accept the Audit Report provided by Mastro and Associates. The Board voted unanimously in affirmation of that motion.

8. Certificates of Liens

Controller Ramirez provided the Board with a list of landowners (40) for which delinquent standby charges exist. The Board considered *Resolution 2010-10 Authorizing Certificates of Lien / Sale to Secure Unpaid Accounts*, whereby the District will claim a lien for unpaid charges from customers and record certificates of liens or sale pursuant to Water Code section 25806 (a) (2). The following vote was cast in consideration of Resolution 2010-10:

Directors: Collin III, Brown, Bailey, Miller – Ayes

Directors: None – Noes

Directors: Katayama – Absent

Resolution 2010-10 was passed by unanimous vote of the Board of Directors on July 14, 2010.

9. District Surplus Vehicles

The Board of Directors opened the sealed bids for two surplus vehicles upon unanimous vote and determination that two vehicles are surplus to the needs of the District. A qualifying bid for the 1991 Ford ½ ton truck was above the minimum bid (bid \$1010/minimum bid \$800) was received and that vehicle will be offered to that bidder. The bids received for the 2004 GMC Sierra ½ ton pickup were all below the minimum bid and so staff will place the vehicle on Craigslist in an attempt to acquire a suitable offer, e.g. in conformance with the Kelley Blue Book private party value.

10. **AFLAC**

Director Collin III motioned and Director Miller seconded the motion for the District to allow payroll deduction and check generation for District employees wishing to participate in a secondary insurance program offered by AFLAC. There is no cost to the District associated with staff's participation aside from payroll deduction and check distribution.

11. **Water Management**

Manager Morrissey indicated that there were no significant water management issues to discuss at this time.

12. **Recycled Water**

City of Orange Cove representatives, their consultants and a District consultant listened to a proposal from the City of Orange Cove for the District to receive approximately 2,000 acre feet per year of tertiary treated City wastewater to be delivered into the Districts distribution system. The District will evaluate the proposal and consider the costs to the District (administrative) relative to any benefits to be gained by this additional water supply, under the regulatory backdrop of the Central Valley Regional Water Quality Control Board.

13. **Electrical Power**

Manager Morrissey discussed with the Board the cash flow projection associated with the FPA River Outlet plant construction which will require disbursements from the District totaling an estimated \$2.5MM over the next 3 years, with significant monthly expenditures during the May – 2012 through May 2013 time period (approximately \$1.6MM required spread over that time period). There were no other substantive discussions relative to electrical power, besides the aforementioned repairs at the FWR plant.

14. **9(d) Contract Negotiation Status**

Manager Morrissey noted that the 9(d) contract draft was exposed to public comment during the first week of July. Manager Morrissey informed the Board that the estimate (Bureau's) of the capital payments for 2009 and 2010 which will offset the remaining capital obligation was on the order of \$1,000 which is significantly less than expected (\$700,000 - \$800,000) due to diminished CVP water sales south of Delta and the resulting shift of burden for Bureau O&M onto the Friant Division. Manager Morrissey expressed that while this may be plausible for 2009, the 2010 water year does not lend itself to that explanation and FWA will be finding out more about this detail, which has the result of increasing the payment needed to satisfy the capital obligation beyond projected amounts.

15. **Reorganization 2009-01**

The Board of Directors discussed the Reorganization and made the policy decision to proceed with detachment of parcels, the landowners of which signed agreements to detach but now claim they do not wish to either detach at this time (in the case of Del Rey Villas) or at all (in the case of Martin Rubio). Manager Morrissey informed the Board that he would discuss this policy matter with Counsel Sawyers prior to contacting Fresno County LAFCO.

Decision on passing a resolution for the Board to enter into a Letter of Agreement with the Bureau to cover their costs was deferred until a later Board meeting, subsequent to LAFCO's public hearing on the issue which will shape the scope of the reorganization process and indeed whether or not it is advisable to proceed at this time given the potential controversy with Del Rey Villas and Martin Rubio.

16. **Closed Session**

The Board of Directors went into Closed Session regarding Real Property Negotiations with Counsel Sawyers and Counsel / Consultant George at 2:30 P.M.

17. **Open Session**

The Board returned to open session at 3:40 P.M. and disclosed that no reportable action was taken during closed session. It was noted in open session that personnel issues to be undertaken during closed session will be deferred until the next regularly scheduled BOD meeting as time was restricted during this Board meeting.

18. **Tulare County Counsel**

The Board was asked if they had any input to Tulare County Counsel as far as legal training that the County would offer. The Directors indicated that they had no specific needs at this time.

19. Potential Water Rate Increase

The Board decided to hold off on any decision at this time regarding water rate increases and will take the issue up at a later meeting, e.g. the October meeting when the Capital Obligation is determined as it is a function of the 20 Year CMT being set October 1.

With no further business to discuss, the Board of Directors meeting was adjourned at 4:59 P.M. with the next scheduled meeting to occur on Wednesday August 11, 2010 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, August 11, 2010. The Meeting was called to order at 11:49 A.M., with the following Directors and Officers present:

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

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

1. Call to order

The regular Board of Directors meeting for August 2010 was called to order by President Bailey at 11:49 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey did not propose to modify the Agenda.

3. Public Comments

No Public was present at the meeting.

4. Approval of the Minutes

Controller Ramirez noted an error in the July draft minutes concerning surplus vehicle model and year. Manager Morrissey will correct and finalize the minutes.. Aside from that error there were no suggested corrections or modifications. Director Brown motioned and Director Miller seconded the motioned to approve the minutes for the Regular Board Meeting held in July of 2010 pending the noted correction. The Board voted unanimously in favor to accept the draft July 2010 Board Minutes with the noted correction.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted the various atypical / non recurring payments to the Board of Directors, including payment to Michael George for his work associated with market valuation of the Mill Creek water right. It was discussed that although Mr. George had spent considerably more time than the 10 hours reflected in his bill, it was agreed prior to his effort that the charges would be capped at 10 hours of effort. Controller Ramirez noted that he was checking with Washington DC into the FERC Administrative Charges associated with both the FWR and KRSH power projects (approximately \$4,440 combined fees) as those have not be charges for which the District was previously billed, presumably because the power production is less than some threshold value. Regardless, CHI should be responsible for the charges associated with the KRSH project if there are indeed fees to be paid.

Director Miller, following up on this conversation inquired as to the net profitability of the KRSH power plant (i.e. after O&M expenses). Director Brown noted that he would expect that there was a responsibility for the KRSH Operator (CHI) to ensure that the plant is not in need of deferred maintenance and otherwise in good working order when the O&M responsibility becomes the District's in 2012. Manager Morrissey will research these two items and provide an answer for the Board at the next (September) Board Meeting.

Director Katayama inquired as to the charge on Manger Morrissey's credit card bill to "Graybar" in the amount of \$1,394.78 . Manager Morrissey noted that the payment was for a paired SCADA radio to replace a failed pair at System 13 Reservoir. Manager Morrissey noted that Keith Clem was able to diagnose the condition and procure the needed infrastructure, eliminating the need to engage Concepts in Controls, which in his absence would have been necessary to correct the failure.

Following 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 as presented and discussed with staff.

6. **Monthly Report**

Controller Ramirez noted Standby delinquencies dropped by \$20,636.86 since the prior report, including payment of Alfred Padilla's delinquency as a result of the selling of his land to Mulholland. Total Standby delinquencies of \$48,425 remain uncollected compared to \$61,138.06 at the same time last year.

Controller Ramirez noted minor delinquent water users with payment expected to be received by all (no meters have been locked).

Controller Ramirez recapped other receivables and investments in Mill Creek, the status of water deliveries for the year (noting the District is behind last year's pace due to the wet spring and relatively cool summer), a comparison of water meter readings within the District vs. the Bureau's meters at the FKC (Bureau meters show approximately 450 acre feet more usage than landowner meters), performance of the KRSH power plant and the Fishwater power plant, the LAIF balance, the Capital Repayment Fund and the Rate Covenant Fund.

Controller Ramirez provided a copy of the Request for Proposal for Auditing Services for the Orange Cove Irrigation District for the 2010 fiscal year and a list of CPA firms from which proposals are being solicited. Thus far, a total of 22 firms have been contacted and Controller Ramirez expects to receive at least 10 proposals.

Manager Morrissey recapped the Operations and Maintenance Monthly Report for the Board. No significant items were noted.

Manager Morrissey informed the Board of the upcoming winter ACWA meetings in Palm Springs to solicit interest. It was suggested by Manager Morrissey that he would defer attending the winter conference this year. The Board did not consider this cost saving measure as inappropriate given that degree of information exchange with the internet these days makes attending both ACWA conferences, in general, unnecessary.

7. **Water Management**

Manager Morrissey discussed his plans for water management, ostensibly for the upcoming water year. Based on low usage due to weather and available carryover from last year, it appears that there may be a significant surplus supply available for carryover into next year. Given the threat of a dry ensuing year in light of a developing moderate to strong La Nina, coupled with the threat of lost water supply by the District to the River for Restoration if a dry year does develop, Manager Morrissey will likely be in favor of retaining the bulk of this year's residual supply to protect against next year's potential shortage. Manager Morrissey explained to the Board the fundamentals of a potential partnership / agreement with AEWS in this regard.

8. **Recycled Water**

Manager Morrissey discussed the recycled City of Orange Cove water supply impact matrix with the Board. Manager Morrissey will discuss this particular analysis further with independent local consultants for their input. The Board has decided to pursue evaluation of the potential partnership if it can be shown to be beneficial to the District's growers.

9. **Electrical Power**

There was limited, nonsubstantive discussion with respect to electrical power outside of that previously discussed.

10. **Closed Session**

The Board went in to closed session at 1:42 P.M.

11. **Open Session**

The Board returned to Open Session at 3:12 P.M. noting that Directors Brown and Katayama motioned and seconded, respectively, to accept Manager Morrissey salary recommendations at a level of 50% of his recommendation.

It was also noted that Director Miller and Katayama approved and seconded, respectively, to compensate Controller Ramirez for his extra effort during the time that the Accounting Clerk was on medical leave, in the amount that was estimated to have been saved by not having to hire a temporary worker for that time period.

12. **Adjournment**

With no further business to discuss, the Board of Directors meeting was adjourned at 3:20 P.M. with the next scheduled meeting to occur on Wednesday September 9, 2010 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 8, 2010. The Meeting was called to order at 11:44 A.M., with the following Directors and Officers present:

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

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

Public Mark Hendricks
Natalia Gonzales

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

1. Call to order

The regular Board of Directors meeting for September 2010 was called to order by President Bailey at 11:44 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey indicated that the Regular Board Meeting would recess at 12:00 Noon for a period of time necessary to allow for a Board of Equalization Hearing. Aside from that note, no suggestions were made to modify the Agenda.

3. Public Comments

Manager Morrissey noted that long time (26 years) employee Mr. Arthur Carroll Pipken passed away the previous evening after a courageous fight with pancreatic cancer. Arthur died peacefully at his home surrounded by his closest family. Manager Morrissey asked that the Board remember Arthur and his family in their thoughts and prayers in the coming days.

Mr. Mark Hendricks appeared before the Board to provide his personal input with respect to the District's consideration of the potential City of Orange Cove recycled water supply. Mr. Hendricks expressed to the Board that barring food safety issues it would be unwise not to pursue an arrangement with the City of Orange Cove to accept their wastewater treatment plant effluent as it would be ultra-reliable and it appears, based on the water quality evaluation provided by the City's consultants, completely appropriate as an irrigation supply. As far as any issues that an "organic grower" might have, Mr. Hendricks expressed that it would be that growers individual responsibility to blend or use groundwater, if there were water quality issues particular to organic certification that restricted his use of the recycled water.

4. Approval of the Minutes

Director Miller motioned and Director Katayama seconded the motion to approve the minutes for the Regular Board Meeting held in August of 2010. The Board voted unanimously in favor of accepting the minutes as provided.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted the various atypical / non recurring payments to the Board of Directors, including payment to the Bureau of Reclamation for fines associated with relatively minor Reclamation Reform Act violations by Gar Tootelian. It was noted that the District was paid back by Gar Tootelian for monies paid on his behalf to Reclamation. Also noted were monies paid for the repairs necessary to the Fishwater Release power plant (\$14,310.69 to AC Electric), water rebate totaling \$261.49 to Miguel Vicuna, whose property, it was noted, is up for sale. The Board inquired as to the purpose of renting a loader. It was explained that it was fitted with a box scraper and that was used to grade the yard in preparation for application of an asphaltic emulsion later in the year. With no other concerns, significant comments or concerns, Director Brown motioned and Director Collin III seconded a motion to pay the bills as presented. The Board voted unanimously in favor of the doing so.

6. Monthly Report

Controller Ramirez noted Standby delinquencies dropped by \$13,402.90 since the prior report. Total Standby delinquencies of \$35,327.04 remain uncollected compared to \$50,174.36 at the same time last year.

Controller Ramirez noted several delinquent water users whose meters have been locked. At this time, delinquencies total \$4,194.31.

Controller Ramirez recapped other receivables including payment of \$6,500 for the surplus 2004 GMC Sierra pick-up truck and investments in Mill Creek. Controller Ramirez noted the performance of the KRSH power plant and the Fishwater power plant, both of which are performing similar to historical operations, the LAIF balance, the Capital Repayment Fund balance and the Rate Covenant Fund.

Controller Ramirez provided the Board members with a copy of the Annual Report for Fiscal Year Ending December 31, 2009, which is a requirement of the debt service associated with the Revenue Refunding Bonds, series 2009. The Board was in agreement with the information provided.

Manager Morrissey recapped the Operations and Maintenance Monthly Report for the Board. It was noted that the leak on System 13 was found after about 3 days of exploration, confounded by the fact that water from the leak was entering into the old pipeline and surfacing very far away from the actual source of the leak. Persistence and dedication of the field staff resulted in another successful repair.

Manager Morrissey noted that metal work at the DF&G Hatchery aeration unit is in dire need of maintenance and staff is in the process of securing bids and developing a contract for that effort.

7. Audit Proposals.

Controller Ramirez provided a the list of accounting firms from which a request for audit services proposal was sought. In all, the solicitation for bids was sent to 22 qualified entities.

A binder documenting proposals received by 12 CPA (all qualified) firms for Auditing Services for the upcoming year and the two following years was assembled and provided to the Board for their consideration. The Board discussed each proposal individually and will independently review the materials provided in more detail in order to more fully discuss at the upcoming Board meeting at which time they may direct staff to pursue a short list of alternatives or make a decision.

8. Board of Equalization Hearing

The Board recessed at Noon for the Board of Equalization Hearing at 12:05. No District landowners or members of the public were present at the noticed recess which was published in local newspapers. Director Collin III motioned to accept the Board of Equalization Assessment Book (Book) as prepared. Director Miller seconded the motion to accept the Book. The Board voted unanimously in favor to accept the Book. The Board recessed completed the hearing at 12:25 and went back into the regularly scheduled monthly Board meeting at that time.

Later in the day, Ms. Natalia Gonzalez, landowner in the District, appeared before the Board to express her concern that the District assessment levied on her property (Tulare County APN 025-190-003) was inaccurate and unfair now that the County of Tulare has recognized (according to Ms. Gonzalez) that a portion of her 39 acre parcel is owned by the County as it is part of Sand Creek (an ephemeral water course / flood control channel) and cannot be used by her for any purpose. According to Ms. Gonzalez, notwithstanding the fact that it is not her property, she has been paying a District land assessment on this portion of land and is obligated to continue to pay for this portion for the coming years. Ms. Gonzalez requested that the Board of Directors consider her particular situation and remedy it by assessing fees on land that she actually owns.

Manager Morrissey advised Ms. Gonzalez that he would be contacting the County of Tulare for additional information regarding her claim and on the general status of the County's parcel updating process. Manager Morrissey informed Ms. Gonzalez that he would try to have at least a preliminary answer for her by the next Board of Director's meeting in October. It was discussed that any decision by the Board of Directors would depend on verifiable documentation provided to the District by herself, her licensed surveyor and or the County of Tulare.

9. **Recycled Water**

Manager Morrissey had sent out a letter to all landowners (approximately 95) on Systems 7 and 8 explaining the recycled water opportunity, its pros and its cons and soliciting feedback to assist the Board in moving forward with the City. The majority of responses received to date, including Mr. Hendricks personal testimony, expressed very positively the prospect. As a result, Manager Morrissey was instructed by the Board to write a letter to the City so that further evaluation may proceed. The primary concern of the Board is ensuring the system is fail safe and redundant safety features are part of the design, such that if the treatment process fails and effluent water quality is not in accordance with requirements to be established / agreed to amongst the City and the District, water will not be discharged into the District's delivery system.

10. **Electrical Power**

Pat Strickland of Enel North America, provided the District with their annual budget for operating and maintaining the KRSH power plant. Based on this information, the total annual O&M cost for the facility is \$38,300, which includes \$26,000 in annual labor much of which is associated with Nick Cantu, ditch rider for the Friant Water Authority whose residence is adjacent to the plant. Continued relationship of Mr. Cantu will have to be evaluated in the future as it may not be needed or may be needed on a more limited basis.

Manager Morrissey noted that the District would arrange for a thorough inspection of the facility by an independent expert within a year of the termination of the relationship with Enel NA. That inspection will be conducted to identify any concerns that may exist with respect to deferred maintenance prior to the Districts resuming O&M responsibilities and termination of the contractual relationship with Enel NA.

The Board considered execution of a Confidential Information Exchange and Mutual Non Disclosure Agreement between the District and PG&E related to contract negotiations for power sales from the FPA Hydro-II in potential conjunction with all the FPA facilities. The Board agreed that the Disclosure Agreement be signed by Director Brown, Board member of FPA.

11. **Closed Session**

The Board went into Closed Session at 2:00 to discuss real property negotiations with legal counsel George.

12. **Open Session**

The Board returned to Open session at 3:02 P.M. and disclosed that no reportable action was taken during Closed Session.

13. **Friant Water Authority Issues**

Various Friant Water Authority issues were discussed. No action was taken.

14. **Reorganization 2009-01**

The Board considered execution of a Resolution to enter into a Letter of Agreement with Reclamation to cover their costs associated with the 2009-01 Reorganization. Resolution 2010-09 was considered by the Board for that purpose. Director Miller motioned for approval, Director Brown seconded the motion and the Board voted unanimously in favor of the resolution to enter into an LOA with Reclamation.

15. **Adjournment**

With no further business to discuss, the Board of Directors meeting was adjourned at 3:54 P.M. with the next scheduled meeting to occur on Wednesday October 13, 2010 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 13, 2010. The Meeting was called to order at 11:45 A.M., with the following Directors and Officers present:

Directors: H.A. "Gus" Collin III, Vice President
David Brown
Russell Katayama
Arlen Miller
Harvey A. Bailey (via telephone during Closed Session only)

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer
Gary Sawyers, District General Counsel (via telephone)
Michael Patrick George, District Special Counsel

Public: Beth Renge (Renge Resources Group, Inc.)
Sam Masumoto (Renge Resources Group, Inc.)

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

1. Call to order

The regular Board of Directors meeting for October 2010 was called to order by Vice-President Collin III at 11:45 A.M.

2. Additions to and approval of the Agenda

No suggestions were made to modify the proposed Agenda.

3. Public Comments

No members of the public were present at the start of the meeting to make any general comments.

4. Approval of the Minutes

Controller Ramirez noted that the Draft September Minutes did not include the Board of Directors' action to accept the Board of Equalization Assessment Book presented during the Board of Equalization Hearing on September 8, 2010 at 12:00 and that no members of the public or landowners were present at the noticed Hearing time to provide input to the Board. Director Brown motioned and Director Katayama seconded the motion to approve the minutes for the Regular Board Meeting held in September of 2010 with Controller Ramirez' clarification. The Board voted unanimously in favor of accepting the minutes as amended.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$527,855.75 from September 9 to October 8 of 2010. Various atypical / non-recurring payments were noted to the Board of Directors, including payment of \$112.50 to the Reedley Exponent for noticing of the September Board of Equalization Hearing, deposit of \$3,000 with the Bureau of Reclamation for costs associated with their processing of the 2009 District Reorganization, payment of \$129,200 to US Bank Trust for payment of rehab debt service and various other payables. With no other concerns or significant comments, Director Miller motioned and Director Katayama seconded the motion to pay the bills as presented. The Board voted unanimously in favor of doing so.

6. Monthly Report

Controller Ramirez noted Standby delinquencies dropped by \$7,988.08 since the prior report. Total Standby delinquencies of \$30,596.20 remain uncollected compared to \$33,497.92 at the same time last year.

Controller Ramirez noted several delinquent water users whose meters have been locked. At this time, delinquencies total \$12,602.73, the majority of which have indicated they would be paying shortly.

Controller Ramirez recapped other receivables including payment of \$206,250 from Lindmore ID for transfer of 2,750 acre feet of Class 1 water in October, \$3,000 to the Bureau to cover their anticipated costs associated with the District's reorganization

process, and \$5,900 to LAFCO for a Board of Equalization fee associated with the District's reorganization costs. The cost for the latter two items will be redistributed to the annexing landowners upon completion of the reorganization process.

Supervisor Sanders noted that the variation between the Friant Water Authority's canal-side meter readings and the District's individual propeller meter readings seems to have been corrected as a result of the feedback from the District to the Authority on apparent errors on their part. The District's operational staff, as always, will continue to keep close tabs on the Authority's water delivery numbers and it was noted to the Board that staff is developing a plan whereby the District can intercept the output of the Authority's meter output, continuously and in real time, for minimal costs via SCADA improvements to be done in-house this winter.

Controller Ramirez noted the performance of the KRSH power plant which appears on track to generate more than \$100,000 in gross revenue (of which the District will receive 40% of the increment > \$100,000 according to its agreement with CHI (which expires September 2015) and the Fishwater power plant, both of which are performing similar to historical operations. Controller Ramirez noted the LAIF balance is \$2,333,796.36, the Capital Repayment Fund balance of \$5,789,854 and the Rate Covenant Fund balance is \$375,040 with a recent interest payment of \$5,105 received in September.

Supervisor Sanders went over the Operations and Maintenance report noting a recent theft of chain-link fabric at Turnout #10 Pumping Plant, repair of a 12-inch pipeline on system 8 that was hit by a landowner operated trencher, fire extinguisher training, preparation of the District's Spill Prevention and Countermeasures Plan for Fresno County, monthly meter reading, numerous meter repairs and USA pipeline locating requirements. It was also noted that a contractor will soon begin rehabilitation of the FWR Powerplant's aeration tower structure on the California Department of Fish and Game San Joaquin River Hatchery property.

7. Draft Budget.

Controller Ramirez provided the Board members with a Draft Administrative Revenue Budget for Fiscal Year 2011, beginning January 1, 2011. The approved budget must fund all general, administrative and debt service costs (100% of debt service may be collected provided a rate covenant fund of the required amount (10% of the annual debt service) is maintained). The 2011 draft administrative budget provides for total expenditures (excluding O&M and water costs) of \$600,000 compared to \$600,800 budgeted for 2010

A draft Water Operations Budget will be prepared for Board consideration in January 2011 at which time the Board will set the water rates for the 2011/2012 Contract year.

8. Auditing Services

The Board continued discussion from the September meeting on the selection of an auditor. It was the consensus of the Board that Joe Mastro was best suited to continue as auditor for the District. *Director Collin requested that staff explore the opportunity for the Auditor Mastro to carry a general liability insurance coverage maximum greater than \$300,000. Controller Ramirez informed he would do so prior to the next meeting.* Director Miller motioned to award the auditing services to Joe Mastro & Associates for the next three fiscal years. Director Brown seconded the motion and the Board voted unanimously in favor of so doing.

9. Recycled Water

The Board had continued discussion on the prospects of receiving tertiary treated wastewater from the City of Orange Cove. Director Miller expressed his concern over constituents of emerging concern, e.g. pharmaceuticals that someday in the future might be a concern but are presently not tested for as they are not on the regulators 'radar'. Director Miller is concerned with the District having exposure to liability associated with the unforeseen. Manager Morrissey expressed that any agreement entered into with the City to accept their wastewater would be crafted to address this concern.

Based on the discussion, the District will pursue developing the opportunity to receive the City's wastewater stream and work with the City and their engineers to see if a workable agreement and operational plan is achievable.

10. Electrical Power

No issues of significance were noted during the discussion on electrical power. In general, the powerplants are operating as normal and the FPA, expanded RO project is progressing and there appears to be an attractive power marketing potential with a variety of utility companies that confirm the project has a benefit to cost ratio greater than unity.

11. Closed Session

The Board went into Closed Session at 1:29 to discuss an issue of potential litigation with Counsel Sawyers, and real property negotiations with legal counsel George and Sawyers.

12. Open Session

The Board returned to open session at 2:55 P.M. and announced the following reportable action:

On motion of Director Katayama and a second of Director Brown, the Board of Directors voted unanimously in favor of Counsel George's continued negotiations with Napa County interests, on behalf of the District, on the development of a Draft Contract for the District to sell a 2,000 acre foot portion of the District's Mill Creek water right at a rate of \$4,000 per acre and to include a non-refundable, non-creditable option deposit of \$100,000 payable to the District upon Final Contract execution. The Draft Contract will be discussed at the next (November) Board meeting as will additional details associated with subsequent option payments to the District should there be delays beyond the expected sale closure, which is anticipated to be before October of 2011.

13. Friant Water Authority Issues

Manager Morrissey discussed with the Board that with the 20-year Constant Maturity Treasury (Discount) Rate's determination on October 1, 2010 – the Districts "Capital Repayment Obligation" to the United States for construction of the Friant Division had been determined and is the amount payable in order for the 9d Contract to be effective. The District's lump sum payment amount, due by January 31, 2011 has been calculated to be \$7,478,549. Since the District has heretofore opted to pay in annual installments the following payment schedule is to be satisfied in order to have a permanent 9d Contract:

<u>Payment Due Date</u>	<u>Payment Amount</u>
May 1, 2011	\$1,915,570
May 1, 2012	\$1,915,281
May 1, 2013	\$1,917,248
January 31, 2014	\$1,920,746

The Board took no action on this item and remain in agreement that the prudent course at this time is to pay on an installment basis outlined above.

14. Renge Resources Group

Ms. Beth Renge, Mr. Sam Matsumoto and Esquire Michael George (all of Renge Resources Group) presented to the Board of Directors their concept of development of a Real Estate Investment Trust within the Friant Division with the aid of a power point presentation. A general discussion took place where questions were asked and feedback was provided.

15. Tulare County Parcel Adjustments

At the September Board of Directors Meeting landowner Ms. Natalia Gonzalez appeared before the Board of Directors requesting that the District assessment (which is actually made up of general and administrative and debt service (bond repayment) components) on her property within the District boundary be reduced. Ms. Gonzalez expressed to the Board that she could not use a portion of land that is included in her assessed acreage because it is not owned by her. Ms. Gonzalez expressed to the Board that Sand Creek (which runs through her property) was deeded to the County of Tulare in 1939 and that she therefore does not own the property and as such should not be charged an assessment by the District on that portion of her property.

At this Board meeting, Manager Morrissey conveyed the following to the Board.

Subsequent to the September Board meeting, Manager Morrissey gathered information associated with Ms. Gonzalez' particular situation. During that effort, Manager Morrissey engaged with various entities to gather information, including:

1. Ms. Natalia Gonzalez, landowner
2. Mr. Fred Weber, Licensed Professional Surveyor hired by Ms. Gonzalez
3. Mr. Ken Swearingen, Tulare County Assessor's Office, Cadastral Supervisor
4. Jody Shelby, Tulare County Assessor's Office, Cadastral Technician
5. Mr. James May, Jr., Tulare County RMA, Manager Flood Control/Surveyors/Subdivisions Division
6. Esquire Gary Sawyers, Sawyers and Holland, District Counsel

As a result of the conversations, letters and documents received from the above named sources, Manager Morrissey informed the Board he believed there should be an adjustment made to the acreage associated with Ms. Gonzalez' parcel, however that change should not be predicated on the existence of Sand Creek traversing her property.

Manager Morrissey found that Mr. Fred Weber has determined (as supported by documentation provided by same) through a land survey, parcel with Tulare County APN 025-190-03 (Ms. Gonzalez parcel in question) does not, in technical reality, consist of 39.00 acres (as presently assessed by the District) and he has determined that the gross acreage of her parcel is in reality 36.91 acres.

Subsequent to Board discussion at the October meeting with Manager Morrissey and District Legal Counsel Sawyers, it was concluded by the Board that the fact that some of the 36.91 acres being devoted to County and State roadways and Sand Creek (and therefore cannot be used for agricultural development by Ms. Gonzalez) has no bearing on the District's assessment which is based solely on gross acreage in the District and not some net usable acreage.

Indeed, if the latter were the case, then conceivably every landowner in the District could claim those circumstances prevailed (and those circumstances could change on a weekly basis as property conditions changed) creating an unwieldy administrative burden on the District. The Board also noted that the benefit to being in the District is water supply which is allocated on a per acre basis (gross acreage); the more acreage you are assessed with, the greater they value.

Lastly, the Board authorized Manager Morrissey to refund, for the prior three years (based on the 2010 California Water Code), excess assessment payments made on this parcel by Ms. Gonzalez which should be based (and heretofore shall be based) on 36.91 acres.

Manager Morrissey indicated that he would inform Ms. Gonzalez of the Board's decision and generate a refund check in the appropriate amount to be paid immediately to Ms. Gonzalez.

16. Adjournment

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 10, 2010 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, November 10, 2010. The Meeting was called to order at 11:40 A.M., with the following Directors and Officers present:

Directors:	Harvey A. Bailey, President H.A. "Gus" Collin III, Vice President David Brown Arlen Miller (1:20 P.M. Arrival)
Officers:	Fergus A. Morrissey, Engineer-Manager/Secretary Robert T. Ramirez, Controller/Treasurer Michael Patrick George, District Special Counsel
Public:	C. Wesley Strickland, Esquire – Brownstein, Hyatt, Farber & Schreck Isauro A. Villarreal, Esquire Natalie Gonzalez

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

1. Call to order

The regular Board of Directors meeting for November 2010 was called to order by President Bailey at 11:40 A.M.

2. Additions to and approval of the Agenda

Manager Morrissey noted addition to the Agenda mailed out to the Directors. Item 10c-potential litigation, a Closed Session Item, was added. It was noted that the Board would go into closed session at approximately 1:45 P.M.

3. Public Comments

Iasuro A. Villarreal appeared before the Board at approximately 11:45 to summarize documentation previously provided to the District via mail regarding his client's (Mr. and Mrs. Ruben Gonzalez – District Landowners) request for the Board's reconsideration of their October 2010 Board Meeting decision to levy assessments on Tulare County Parcel identified by APN 025-190-03 on a gross acreage basis – not granting an exception to the District's Policy. Mr. Villarreal requested that the Board make an exception to that policy for his client who considers that assessments should be made on a farmable acreage basis and not on a gross acreage basis. Following comment, the Board thanked Mr. Villarreal for his comments. Manager Morrissey indicated he would provide the Board's position on the issue by written correspondence within two weeks of the date of the November Regular Meeting.

4. Approval of the Minutes

It was noted by Manager Morrissey that staff unintentionally neglected to include the draft October 2010 Minutes in the Board Packets mailed to the Directors on November 5, 2010. The draft October minutes were provided to the Board at the start of the meeting. Subsequent to review of the draft minutes during the meeting, the Board voted unanimously in favor of accepting the minutes as presented.

5. Approval of Bills

Controller Ramirez discussed warrants to be approved. Controller Ramirez noted total disbursements of \$305,401.72 from October 9 to November 10 of 2010. Various atypical / non-recurring payments were noted to the Board of Directors. After some general discussion Director Collin III motioned to have the bills paid as presented. Director Brown seconded the motion and all Directors voted unanimously in favor of paying the bills as presented by Controller Ramirez.

6. Monthly Report

Controller Ramirez noted Standby delinquencies dropped by \$1,679.61 since the prior report. Total Standby delinquencies of \$28,25.78 remain uncollected compared to \$19,884.96 at the same time last year. Controller Ramirez noted several delinquent water users who paid their balance and others whose meters have been locked. It was noted that the Miguel Vicuna property has been foreclosed upon and the chain on his delivery has been cut by unknown persons. The buyer will be responsible for payment of water utilized, based on the meter reading differential from the time it was locked until the time service is reestablished.

Controller Ramirez noted 2,200 acre feet of water was delivered, according to Bureau's Canal side meters. This usage is generally typical for October. The District is in the position to carryover between 8 and 11 thousand acre feet for the 2011 Contract Year to protect against drought that has an enhanced likelihood given that meteorological conditions have developed (La Nina year) and compounding water supply lost as a result of the San Joaquin River Restoration Settlement Act.

Supervisor Sanders noted that the variation between the Friant Water Authority's canal-side meter readings and the District's individual propeller meter readings seems to have been corrected as a result of the feedback from the District to the Authority on apparent errors on their part. The District's operational staff, as always, will continue to keep close tabs on the Authority's water delivery numbers.

Controller Ramirez noted the performance of the KRSH power plant which generated \$112,326.30 in gross revenue (of which the District will receive 40% of the increment > \$100,000 according to its agreement with CHI (which expires September 2015)) yielding a payment to the District of \$4,930.52. It was noted that the Fishwater Release power plant is performing similar to historical operations. Controller Ramirez noted the LAIF balance is \$2,189,627.92, the Capital Repayment Fund balance of \$5,794,447 and the Rate Covenant Fund balance is \$375,844.

Supervisor Sanders went over the Operations and Maintenance report noting some minor pipeline repairs were made to the District's pipeline and that significant progress toward successful completion of the rehabilitation of the aeration towers at the FWR tailrace outfall. Repair of a Bermad Valve on System 9 as well the repair of a pressure sensor problem on the System 1 VFD Unit which was repaired by Keith Clem.

Manager Morrissey

7. Draft Budget.

Controller Ramirez provided the Board members with a Draft Administrative Revenue Budget for Fiscal Year 2011, beginning January 1, 2011. The approved budget must fund all general, administrative and debt service costs (100% of debt service may be collected provided a rate covenant fund of the required amount (10% of the annual debt service) is maintained). The 2011 draft administrative budget provides for total expenditures (excluding O&M and water costs) of \$600,000 compared to \$600,800 budgeted for 2010

A draft Water Operations Budget will be prepared for Board consideration in January 2011 at which time the Board will set the water rates for the 2011/2012 Contract year.

8. Auditing Services

The Board continued discussion from the September meeting on the selection of an auditor. It was the consensus of the Board that Joe Mastro was best suited to continue as auditor for the District. *Director Collin requested that staff explore the opportunity for the Auditor Mastro to carry a general liability insurance coverage maximum greater than \$300,000. Controller Ramirez informed he would do so prior to the next meeting.* Director Miller motioned to award the auditing services to Joe Mastro & Associates for the next three fiscal years. Director Brown seconded the motion and the Board voted unanimously in favor of so doing.

9. Recycled Water

The Board had continued discussion on the prospects of receiving tertiary treated wastewater from the City of Orange Cove. Director Miller expressed his concern over constituents of emerging concern, e.g. pharmaceuticals that someday in the future might be a concern but are presently not tested for as they are not on the regulators 'radar'. Director Miller is concerned with the District having exposure to liability associated with the unforeseen. Manager Morrissey expressed that any agreement entered into with the City to accept their wastewater would be crafted to address this concern.

Based on the discussion, the District will pursue developing the opportunity to receive the City's wastewater stream and work with the City and their engineers to see if a workable agreement and operational plan is achievable.

10. Electrical Power

No issues of significance were noted during the discussion on electrical power. In general, the powerplants are operating as normal and the FPA, expanded RO project is progressing and there appears to be an attractive power marketing potential with a variety of utility companies that confirm the project has a benefit to cost ratio greater than unity.

11. Closed Session

The Board went into Closed Session at 1:29 to discuss an issue of potential litigation with Counsel Sawyers, and real property negotiations with legal counsel George and Sawyers.

12. Open Session

The Board returned to open session at 2:55 P.M. and announced the following reportable action:

On motion of Director Katayama and a second of Director Brown, the Board of Directors voted unanimously in favor of Counsel George's continued negotiations with Napa County interests, on behalf of the District, on the development of a Draft Contract for the District to sell a 2,000 acre foot portion of the District's Mill Creek water right at a rate of \$4,000 per acre and to include a non-refundable, non-creditable option deposit of \$100,000 payable to the District upon Final Contract execution. The Draft Contract will be discussed at the next (November) Board meeting as will additional details associated with subsequent option payments to the District should there be delays beyond the expected sale closure, which is anticipated to be before October of 2011.

13. Friant Water Authority Issues

Manager Morrissey discussed with the Board that with the 20-year Constant Maturity Treasury (Discount) Rate's determination on October 1, 2010 – the Districts "Capital Repayment Obligation" to the United States for construction of the Friant Division had been determined and is the amount payable in order for the 9d Contract to be effective. The District's lump sum payment amount, due by January 31, 2011 has been calculated to be \$7,478,549. Since the District has heretofore opted to pay in annual installments the following payment schedule is to be satisfied in order to have a permanent 9d Contract:

<u>Payment Due Date</u>	<u>Payment Amount</u>
May 1, 2011	\$1,915,570
May 1, 2012	\$1,915,281
May 1, 2013	\$1,917,248
January 31, 2014	\$1,920,746

The Board took no action on this item and remain in agreement that the prudent course at this time is to pay on an installment basis outlined above.

14. Renge Resources Group

Ms. Beth Renge, Mr. Sam Matsumoto and Esquire Michael George (all of Renge Resources Group) presented to the Board of Directors their concept of development of a Real Estate Investment Trust within the Friant Division with the aid of a power point presentation. A general discussion took place where questions were asked and feedback was provided.

15. Tulare County Parcel Adjustments

At the September Board of Directors Meeting landowner Ms. Natalia Gonzalez appeared before the Board of Directors requesting that the District assessment (which is actually made up of general and administrative and debt service (bond repayment) components) on her property within the District boundary be reduced. Ms. Gonzalez expressed to the Board that she could not use a portion of land that is included in her assessed acreage because it is not owned by her. Ms. Gonzalez expressed to the Board that Sand Creek (which runs through her property) was deeded to the County of Tulare in 1939 and that she therefore does not own the property and as such should not be charged an assessment by the District on that portion of her property.

At this Board meeting, Manager Morrissey conveyed the following to the Board.

Subsequent to the September Board meeting, Manager Morrissey gathered information associated with Ms. Gonzalez' particular situation. During that effort, Manager Morrissey engaged with various entities to gather information, including:

1. Ms. Natalia Gonzalez, landowner
2. Mr. Fred Weber, Licensed Professional Surveyor hired by Ms. Gonzalez
3. Mr. Ken Swearingen, Tulare County Assessor's Office, Cadastral Supervisor
4. Jody Shelby, Tulare County Assessor's Office, Cadastral Technician
5. Mr. James May, Jr., Tulare County RMA, Manager Flood Control/Surveyors/Subdivisions Division
6. Esquire Gary Sawyers, Sawyers and Holland, District Counsel

As a result of the conversations, letters and documents received from the above named sources, Manager Morrissey informed the Board he believed there should be an adjustment made to the acreage associated with Ms. Gonzalez' parcel, however that change should not be predicated on the existence of Sand Creek traversing her property.

Manager Morrissey found that Mr. Fred Weber has determined (as supported by documentation provided by same) through a land survey, parcel with Tulare County APN 025-190-03 (Ms. Gonzalez parcel in question) does not, in technical reality, consist of 39.00 acres (as presently assessed by the District) and he has determined that the gross acreage of her parcel is in reality 36.91 acres.

Subsequent to Board discussion at the October meeting with Manager Morrissey and District Legal Counsel Sawyers, it was concluded by the Board that the fact that some of the 36.91 acres being devoted to County and State roadways and Sand Creek (and therefore cannot be used for agricultural development by Ms. Gonzalez) has no bearing on the District's assessment which is based solely on gross acreage in the District and not some net usable acreage.

Indeed, if the latter were the case, then conceivably every landowner in the District could claim those circumstances prevailed (and those circumstances could change on a weekly basis as property conditions changed) creating an unwieldy administrative burden on the District. The Board also noted that the benefit to being in the District is water supply which is allocated on a per acre basis (gross acreage); the more acreage you are assessed with, the greater they value.

Lastly, the Board authorized Manager Morrissey to refund, for the prior three years (based on the 2010 California Water Code), excess assessment payments made on this parcel by Ms. Gonzalez which should be based (and heretofore shall be based) on 36.91 acres.

Manager Morrissey indicated that he would inform Ms. Gonzalez of the Board's decision and generate a refund check in the appropriate amount to be paid immediately to Ms. Gonzalez.

16. Adjournment

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 10, 2010 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 8, 2010. The Meeting was called to order at 11:36 A.M., with the following Directors and Officers present:

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

Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
Robert T. Ramirez, Controller/Treasurer
Gary W. Sawyers, District Counsel (via teleconference)

Public: None

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

1. Call to order.

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

2. Additions to and approval of the Agenda.

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

3. Public Comments.

No Public was present at the meeting.

4. Approval of the Minutes.

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

5. Approval of Bills.

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

6. Monthly Report.

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

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

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

Controller Ramirez noted that 542 acre feet of water was delivered, according to Bureau's Canal side meters, in the month of November. This usage is generally typical for the November period. It was again noted that the District is in the position to carryover between 8 and 11 thousand acre feet for the 2011 Contract Year to protect against drought that has an enhanced likelihood given that meteorological conditions have developed (La Nina) the effects of which would be compounded by water supply lost as a result of the San Joaquin River Restoration Settlement Act. Even in a dry year condition, the District will be in a very good position to have an adequate water supply given this carryover quantity.

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

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

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

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

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

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

7. Draft Rules and Regulations.

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

8. Health Benefit Plan Issues.

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

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

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

9. Section 125 Plan.

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

point in time, then quit.

10. Recycled Water

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

11. Electrical Power

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

12. Closed Session.

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

13. Open Session.

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

14. Adjournment.

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

Harvey A. Bailey, President

Fergus A. Morrissey, Secretary