

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

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

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

1. Call to order.

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

2. Additions to and approval of the Agenda.

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

3. Public Comments.

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

4. Approval of the Minutes.

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

5. Approval of Bills.

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

6. Monthly Report.

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

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

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

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

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

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

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

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

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

7. Draft 2011 Water Rates.

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

8. Non-Project Water Discharge Policy.

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

9. Electrical Power.

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

10. Closed Session

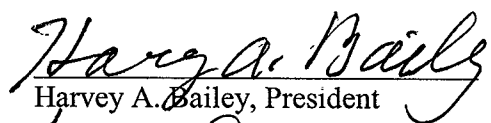
The Board went into closed session at 2:15 P.M. to discuss personnel issues.

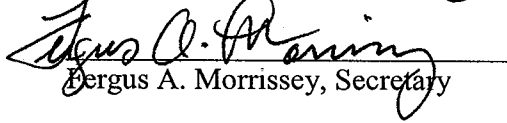
11. Return to Open Session

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

12. Adjournment.

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


Harvey A. Bailey, President


Fergus A. Morrissey, Secretary

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