

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 11, 2012. The Meeting was called to order at 11:49 A.M., with the following Directors and Officers present:

- Directors: Harvey A. Bailey, Chairman
David Brown
Russell Katayama
Arlen Miller
- Officers: Fergus A. Morrissey, Engineer-Manager/Secretary
- Others: Robert T. Ramirez, Controller / Treasurer
John Sanders, Field Operations Supervisor
Charles Stringer / Dave Dorrance / Andrew Werner /
(Madera Valley LLC)

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

1. Call to order.

The regular Board of Directors meeting for January 2012 was called to order by President Bailey at 11:49 A.M.

2. Additions to and approval of the Agenda.

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

3. Public Comments.

No Public comments were made.

4. Approval of the Minutes.

The Board considered for approval draft minutes from the Regular and two Special December 2011 Board Meetings. Director Brown motioned to accept the three sets of minutes as provided in the Board packet/via email. Director Miller seconded the motion and the ***Board voted unanimously in favor of accepting the three sets of December 2011 minutes.***

5. Approval of Bills.

Controller Ramirez discussed warrants totaling \$306,036.26 to be approved for the period December 8 to January 11, 2012.

Controller Ramirez noted several atypical expenditures including various refunds of water deposits, payment \$4,638 to Sawyers and Holland for legal fees, California Chamber of Commerce and Central Valley Project Water Association 2012 annual dues.

Director Brown questioned the \$30 payment to Dinuba Sentinel for "Public Notice Retraction". Controller Ramirez explained this expense resulted from a request of legal counsel representative of Guarantee Realtors requesting clarification of a previous legal notice published in the Dinuba Sentinel, naming Guarantee Realty as a delinquent payer.

After general discussion and no further questions, ***Director Miller motioned to pay the bills as presented*** and Director Katayama seconded the motion. The Board voted unanimously in favor of the motion and second to pay the bills.

6. Monthly Report.

Controller Ramirez covered Items A through K of the monthly report, noting delinquent standby charges and water users, water deliveries to date and for the month, KRSH year end power revenue, FWR power revenue, LAIF interest rate and balances and status of CD's held by the District for Capital Repayment and Rate Covenant Funds. A report (K) was also provided noting 2011 total legal bills for Minasian, Somach (representation on the Water Right Fee Litigation, and Sawyers. It was noted that the total for the year tracked very closely to the budgeted amount.

Operations Supervisor Sanders covered his report. Director Brown requested John add normal precipitation to date and percentage of normal precipitation to date to the rainfall totals in his report.

Manager Morrissey discussed the water supply situation, usage in December for frost protection and the dwindling carryover supply, which appears will be 2,000 acre feet unless it remains very dry. Manager Morrissey discussed the water supply situation, generally noting that while it is presently dry, there is a substantial amount of rainy season to come and too early to predict water supply declaration.

No action was taken by the Board.

7. **Draft OCID Water Rates**

Board discussed the water rates for the 2012/2013 Contract Year. Director Brown motioned that the 2012/2013 water rates be the same as last year. Director Katayama seconded this motion and the Board voted unanimously in favor of such. It was noted that should the declaration be much less than 100% Class 1, the Board may have to revisit this decision and adjust rates upward to provide income sufficient to meet the necessary debt service coverage ratio (100% of debt service). The Board noted that this action would require a 218 process for landowner approval and that the decision to affect that process could be made at the May Board Meeting. The Board suggested that this possibility to increase rates be noted in the letter to the water users to be included with the upcoming year water applications so that in the event it becomes a necessary consideration, it shall not be a surprise to the landowners.

The Board discussed the consideration of extending a rebate to water users for their specific use during the 215 Temporary Contract time period of April 1 through July 15 2011 due to wet conditions. Because the Bureau of Reclamation charged less than the normal contract price by approximately \$15 per acre foot (average reduction for the period) and the District earlier in the year communicated the importance to utilize this cheaper water, Director Miller motioned to give landowners a flat \$15 per acre foot credit for usage during the aforementioned period of April 1 – July 15 (not the entire water year). Director Brown seconded this motion and the Board voted unanimously in favor of this rebate in the form of a credit. It was noted by Controller Ramirez that this rebate would reduce debt service coverage for Fiscal year 2011, but only slightly and to the degree that it would not negatively impact the rating of the District by virtue of insufficient coverage of debt service. This rebate will be shown as a credit on the 2012 Water Applications sent to each and every landowner in the District.

Controller Ramirez noted the letter from Cuttone and Mastro dated December 28, 2011 to the Audit Committee regarding C&M's acknowledgement of their understanding to provide an audit of the 2011 fiscal year and a yearend financial statement.

It was noted that Supervisor Sanders received his QAC and Controller Ramirez received his CPA certificate for the 2012 year.

8. **9d Repayment Contract Financing**

Manager Morrissey noted payment to the BOR of \$2.8 million on December 28, 2011. The bond issuance status was discussed. At the time of the meeting documents are not to the point that they are considered ready for Board action.

Director Katayama motioned for Manager Morrissey to execute a Bond Counsel Services Agreement with Jon Cristy of Kronick, Moskovitz, Tiedemann & Girard in the amount of \$30,000. Director Brown seconded the motion and the Board voted unanimously in favor of executing the services agreement in pursuance of bond to pay off the remaining capital obligation of approximately \$2.86 million.

No other action was taken by the Board in this regard.

9. **Electrical Power**

Manager Morrissey discussed with the Board various hydropower plant and FPA issues. No action was taken by the Board on general issues.

Also discussed were documents contemplated for execution relative to the development of the New River Outlet powerplant.

First discussed was the Memorandum of Agreement (MOA). The MOA is to be executed by the FPA and the District, and is a requirement of the Amendment to FERC License 11068 whereby parties acknowledge to the FERC that they are jointly and severally liable for the new River Outlet Project and the existing Fishwater Hydropower Plant.

Similarly, a Letter of Agreement (LOA) was discussed with the Board. The purpose of the LOA is the expressed acknowledgement by the FPA and the District that notwithstanding the MOA, both parties understand and agree that their respective mutual liabilities are in accordance with the "Co-Licensee Agreement Between The Friant Power Authority And The Orange Cove Irrigation District Regarding Ownership, Development And Operation Of FERC License No. P-11068" dated February 26, 2008 and the "Resolution Of Dispute And Transfer Of Assets Agreement Between The Friant Power Authority, Certain Members Of The Friant Power Authority And The Orange Cove Irrigation District Pertaining To A FERC License And State Water Rights" dated November 11, 2007 ("Transfer Of Assets Agreement").

Upon review and discussion, Director Brown motioned to authorize Manager Morrissey to execute both the MOA and the LOA on behalf of the Board of Directors of the District. Director Miller seconded the motion of Director Brown and the Board voted unanimously in favor of this motion, noting that Director Collin III was absent from the meeting.

10. 2012 Rules and Regulations

Manager Morrissey reviewed the 2012 draft of the District's Rules and Regulations, noting changes from the 2011 version. After discussion, the Board recommended that the Rules and Regulations note that the RRA (excess lands) forms be included in the water application package with the notation made that it is the District's expectation that they would not have to be completed by landowners once the 9d Capital Obligation has been fully paid by the District, noting however, that the forms are provisionally included (under the unexpected outcome that the 9d Obligation is not satisfied) in the water application package.

Director Katayama motioned to adopt the draft 2012 Rules and Regulations with the noted clarification. Director Miller seconded the motion and the Board voted unanimously in favor of the motion / second.

11. ACWA JPIA / HBA Board Vacancy – Election

Candidates were discussed. It was the consensus of the Board that Steve Ruetters be the Districts HBA Board Position choice, pending concurrence with Director Collin III who would be asked by Manager Morrissey at a later date.

12. Low Head Hydro Working Group

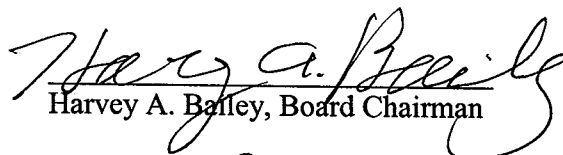
The Board discussed the Working Group. No action was taken.

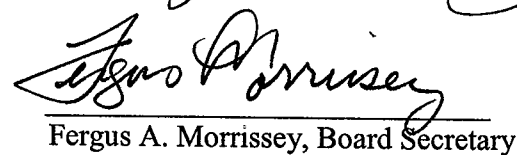
13. Madera ID Water Bank Participation

Madera Valley LLC representatives Charles Stringer, Dave Dorrance and Andrew Werner provided the Board with information relative to the banking opportunities including general terms related to the District's potential participation in the Madera Irrigation District Water Supply and Enhancement Project. No action was taken by the Board.

14. Adjourn

With no further business to discuss, the Board of Directors meeting was adjourned at 3:50 P.M. with the next regular Board meeting scheduled for February 8, 2012 at 11:30 A.M.


Harvey A. Bailey, Board Chairman


Fergus A. Morrissey, Board Secretary

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