

Minutes of the Regular Meeting of the Board of Directors of the Orange Cove Irrigation District held on Wednesday, January 15, 2014. The Meeting was called to order at 12:08 P.M., with the following Directors and Officers present:

Directors: Harvey A. Bailey, Chairman
 H.A. "Gus" Collin, III, Vice-Chairman
 David Brown
 Arlen Miller

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

Others: None

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

1. Call to order.

Chairman Bailey called the regular Board of Directors meeting for January 2014 to order at 12:08 P.M. with the noted Directors in attendance.

2. Additions to and approval of the Agenda.

No changes were made to the mailed Agenda. Director Brown motioned to accept the Agenda. *Vice-Chairman Collin, III seconded the motion and the Board voted unanimously in favor of approving the Agenda.*

3. Public Comments.

No public were in attendance.

4. Minutes of December 2013 Board Meeting

The Board considered for approval draft minutes from the Regular Board Meeting held in December 2013. Director Miller motioned to accept the minutes and Vice-Chairman Collin, III seconded the motion. *The Board voted unanimously in favor of accepting the draft December 2013 minutes.*

5. Draft Water Rates for 2014/2015 Contract Year

Manager Morrissey discussed the water supply outlook including; runoff to date, weather to date, weather forecast, Bureau preliminary water supply declaration based on statistical runoff given the current conditions and future exceedence forecast hydrologies as determined by the State DWR, the potential for the Exchange Contractors to make a call on Friant supplies and District rescheduled supplies anticipated as of March 1, 2014. Based on these factors, it is possible that the Bureau's initial Class 1 declaration will be 0%. It is also possible that the declaration may remain at 0% for the remainder of the year due to the combination of these factors.

As this water supply condition is unprecedented and the District must cover its O&M obligations, Manager Morrissey advised the Board that the likely worst case water supply scenario is limited to the available carryover supply that is estimated at 4,200 acre feet. Funding this year's O&M costs (including water purchase from the Bureau, the Friant Water Authority's operations, power and District operations staff), assuming this available quantity is the ultimate total supply made available, it would be necessary to charge approximately \$350 per acre foot.

A water rate increase is disallowed if opposition to such by the majority of District landowners is received on or before a public hearing held 30-days following a District notice. In accordance with the public hearing requirements, all landowners will receive a District prepared letter and protest form informing them of the proposed rate increase and its justification, at least 30 days prior to the public hearing. The Board set a public hearing on the proposed rate increase for February 19, 2014. Manager Morrissey will draft the appropriate documents and mail them to all landowners by January 16, 2014.

6. Approval of Bills

Controller Ramirez noted net disbursements for the period December 11, 2013 to January 10, 2014 of \$525,265.21. This disbursement included predominantly of \$110,500.99 to Water Screens International (representing 50% payment for traveling / self cleaning water screens to be installed at five District Friant-Kern Canal turnouts), \$102,350.16 to the Friant Power Authority (for its call for funds relative to costs incurred from the development of the QLPP), \$129,081.25 to U.S. Bank for District Debt Service associated with infrastructure bond payments and \$176,704.53 for District General Fund expenditures.

After general discussion on the bills, *Director Miller motioned and Director Brown seconded the motion to approve the bills and warrants as presented. The Board voted unanimously in favor of this motion.*

7. Monthly Report.

Controller Ramirez covered Items A through L of the monthly report, noting delinquent standby charges due totaling \$71,310.30 compared to last year's same period of \$61,049.30.

A list of landowners that have used more water this year than their allocation was provided to the Board. As of December 31, that total quantity amounted to approximately 255 acre feet which is up substantially from November end of month's 100 acre foot overuse. Some of the associated deliveries are locked, particularly if the customer has had overuse in the previous month. All water used over and above what has been ordered will incur charges of at least \$250/acre foot and not more than \$500/ acre foot in accordance with the 2013 District Rules and Regulations. No action was taken by the Board.

Bureau turnout meters measured 1,474 acre feet during December. Total remaining water supply for the District is 5,723 acre feet. Anticipated usage for the remainder of the Contract Year (through February 28, 2014) ranges from 1,000 acre feet up to 5,000 acre feet based on historical maximums and minimums. Year to date differential between total District metering and Bureau turnout meters is approximately 1% of the water use. This is well in exceedance of the target accuracy threshold of (5%) and is a clear testament to the accuracy of the Districts infrastructure and the ongoing efforts of the District Operations staff to keep up with maintaining the accuracy and functionality of the Delivery system.

KRSH income for the month of October was not available at the time of the meeting.

Fishwater power plant gross revenue from PG&E for the month of November was noted to be \$11,466.49, totaling \$206,460.29 for the Calendar Year through November.

Controller Ramirez provided the Board with a daily balance summary of the Bank of the West checking account. This was reviewed by the Board.

Controller Ramirez noted the District's LAIF balance and monthly interest rates, balance and interest on the rate covenant fund and the Capital repayment fund.

Supervisor Sanders discussed the October O&M monthly report and work by the District's field staff.

Controller Ramirez summarized legal expenses to date for general legal expenses and Mill Creek legal expenses. As of December 31, total legal expense payments of \$70,970.50 have been made by the District, approximately 93% of which are associated with Mill Creek legal expenses.

8. Electrical Power

Manager Morrissey discussed power plant operation and Friant Power Authority issues with the Board. No action was taken.

9. Rules and Regulations

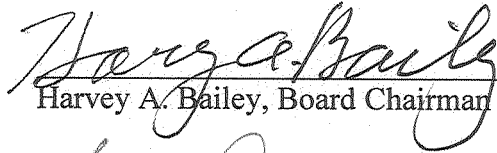
The Board reviewed Manager Morrissey's proposed edits for the 2014 Contract Year. The Board approved the Rules and Regulations as drafted. The Rules and Regulations, in substantially the same form, will be mailed to each landowner in the District with they water application.

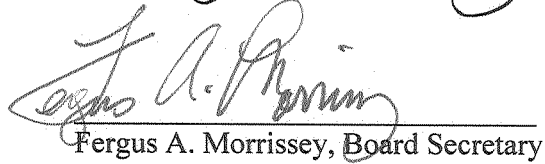
10. Friant Water Authority Issues

Manager Morrissey discussed Friant Water Authority issues with the Board – no action was taken.

11. Adjourn

With no further business, the Board adjourned at 2:30 P.M. with the regular monthly Board of Directors meeting to be held on Wednesday February 19, 2014 at 11:30 A.M. at 1130 Park Boulevard, Orange Cove, California.


Harvey A. Bailey, Board Chairman

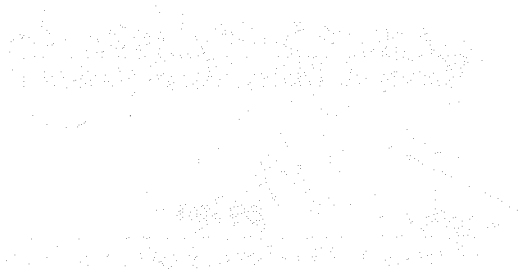

Fergus A. Morrissey, Board Secretary

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0-07-05412-9

This book is a reprint of the first edition published in 1994. The price of this book is \$19.95. The ISBN is 0-07-05412-9. The McGraw-Hill Companies, Inc. is the publisher of this book. The address of McGraw-Hill, Inc. is 1221 Avenue of the Americas, New York, NY 10020-1346. The telephone number of McGraw-Hill, Inc. is (212) 512-2000. The fax number of McGraw-Hill, Inc. is (212) 512-2050. The website of McGraw-Hill, Inc. is www.mh.com.



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