

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held May 12, 2009.

President McKean called the meeting to order at 1:34 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
 Brent L. Graham, Vice President
 Ceil Howe Jr.
 Gildo Nonini
 Norman B. Waldner
 Mike Yoshimoto

DIRECTORS ABSENT

David Cehrs, PhD

OTHERS PRESENT

KRCD Staff & Consultants:

Douglas S. Brown, Stradling Yocca Carlson & Rauth (via telephone)
 Margaret Clayton
 David Cone
 Ed Dittenbir, KRWA
 Vince Lee
 Randy McFarland
 John Moore
 David Orth
 Donna Pepper
 Randy Shilling
 Steve Stadler
 Brian Trevarrow
 Cristel Tufenkjian

Others:

Jeff Adolph, Pacific Gas & Electric Co.
 Lisa Bischel, Madrid-Salazar Marketing & PR
 Raymond Gish, Pacific Gas & Electric Co.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the Agenda.

PUBLIC PRESENTATIONS

None

APPROVAL OF MINUTES

It was moved by Director Howe, seconded by Director Waldner and unanimously carried that the Minutes of the April 14, 2009 Regular Board meeting be approved, as presented.

WATER CONDITIONS

Ed Dittenbir, KRWA, summarized a report on water conditions stating storage in the Pine Flat Reservoir (Reservoir) as of 2400 hours on May 10, 2009 was 660,451 acre-feet with

vacant space of 533,549 acre-feet. On that date, the calculated natural inflow to the Reservoir was 9,670 C.F.S.

Mr. Haugen reported on the eight (8) Kings River snow sensors currently operational, with readings as of May 10, 2009 as follows:

SENSOR	ELEV	WATER CONTENT (INCHES)	APRIL 1 AVERAGE (INCHES)	PERCENT APRIL 1 AVERAGE
Big Meadows	7600	0.0	25.9	0.0%
West Woodchuck	8800	0.0	32.8	0.0%
Upper Burnt	9700	15.5	34.6	44.8%
Mitchell Meadow	9900	21.0	32.9	63.8%
State Lakes	10300	12.3	29.0	42.4%
Black Cap Basin	10300	23.9	34.3	69.7%
Charlotte Lakes	10400	15.6	27.5	56.7%
Bishop Pass	11200	N/R		
Snow Sensor Average		12.6	31.0	40.7%

DIRECTORS' REPORTS

There were no reports.

GENERAL MANAGER'S REPORT

David Orth directed the Board to the General Manager's monthly status report for the month of April 2009 and highlighted the following:

Organization: Mr. Orth presented a plaque to a District staff member of the Hydro Division, Vince Lee, Apprentice Mechanic, who attained his apprentice certificate for successfully completing the four-year Apprenticeship program with the State of California, Department of Industrial Relations.

Community Choice Aggregation (CCA): Mr. Orth reported the San Joaquin Valley Power Authority's (Authority) Modification No. 3 to the CCA Implementation Plan was submitted to the California Public Utilities Commission (CPUC) on March 19, 2009, and is now under review with the CPUC Energy Division staff. Mr. Orth further reported copies had been provided to the Investor Owned Utilities (IOUs) and they have offered extensive comments. The CPUC has requested responses from KRCD and the Authority on several of those issues. Mr. Orth anticipates approval of Modification No. 3 in June 2009.

Mr. Orth also reported negotiations continue with potential energy suppliers for Phase 1 and Phase 2 energy supply. Mr. Orth further reported the intent is to begin Phase 1 by the end of 2009 which will serve the Authority's municipal accounts, and Phase 2 to follow within eight months as identified by the Implementation Plan. Mr. Orth stated the next meeting of the Authority is scheduled for June 4, 2009 and he expects to present the Energy Supply Agreement to the Authority Board at that meeting.

Community Power Plant: Mr. Orth reported the District submitted a motion to the California Energy Commission on April 30, 2009 requesting a six month suspension of the permitting process for the proposed Community Power Plant to allow for more time to continue development of emission reduction credits.

Federal Stimulus Funding: Mr. Orth provided an update of the list of Federal Stimulus projects that have been prepared and submitted by KRCD into the San Joaquin Valley Partnership to address water supply, flood control, and energy projects. The Partnership has requested additional information to assist the Governor's administration in evaluating and prioritizing projects and KRCD staff will submit a response by May 15, 2009.

LEGISLATION

Mr. Orth presented an overview of the Kings River Legislative Committee discussions regarding proposed water conservation legislation. Mr. Orth reported on SB 460 (Wolk), a bill that would require urban water suppliers and agricultural water suppliers to include additional information in their respective reports. Mr. Orth reported that the ACWA Board adopted policy principals to guide discussions with the legislature on water conservation and water use efficiency bills.

Mr. Orth also reported on proposals from the State to further shift revenues from local governments, including special districts. Mr. Orth further reported if the package of initiatives is not approved by voters at the special election on May 19th, districts will certainly be at risk for further shifts or borrowing that would continue to erode revenues at the local level.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager of Community and Public Relations, provided a status report on the "Water Wise" plant exchange to be held at the Fresno State Horticulture Greenhouses on May 16, 2009. The Water Wise plant exchange focuses on using water efficient and native plants to create a San Joaquin Valley friendly landscape.

CORRESPONDENCE, MEETINGS AND CONFERENCES

Mr. Orth advised the Board of the following correspondence, meetings and conferences:

1. Letter from John & Katharine Honnette, Selma Ca dated May 2, 2009 regarding the proposed KRCD Community Power Plant.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control reported that on the April 29th Southern San Joaquin Valley Water Quality (SSJVWQ) Coalition representatives met with the Regional Board staff to discuss the 52 items of the new Monitoring and Reporting Program (MRP) plan that require modification before the plan can be approved. Mr. Cone further reported with the exception of two or three items, the proposed Plan revisions appear to be satisfactory with the Regional Board staff.

Mr. Cone also reported for the 2008-09 year of the Kings River Watershed Coalition, 2,374 Invoices were sent out for a total of \$108,207.01. As of April 28th, 2,189 invoices have been paid for a total of \$99,396.34 which represents a 7.8% reduction in invoices paid and 8.1% reduction of money collected. The Coalition represents 542,591 acres for 2008-09 and appears to represent about 499,000 acres in 2009-10.

Mr. Cone reported Weather Modification program with North American Weather Consultants (NAWC) ended at the end of April. Mr. Cone further reported that with a storm expected on May 2nd NAWC offered to extend the program with no cost until after the storm.

Power Resources: Mr. John Moore, Manager of Power Generation, presented an overview the activities of the Power Resources division. Mr. Moore reported Steve McCoy of McCoy Power Consultants was selected to consult the District on Western Electricity Coordinating Council (WECC) and National Electricity Reliability Council (NERC) compliance standards. Mr. McCoy will be at the Plant on May 11th for an initial week of consultations.

Mr. Moore also presented a status report on the operations at the Jeff L. Taylor Pine Flat Power Plant reporting generation totaled 18,123.2 MWh during the month of April. Mr. Moore reported the Pine Flat Reservoir began the month at an elevation of 812.71 feet (ft.) and storage of 457,674 acre-feet (AF), and turbine discharge was 82,641 AF for the month. Discharge through the turbine bypass system was 254 AF, and flow from Mill and Hughes Creeks was 655 AF, and no spill from the dam.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant had sixteen start-ups in April 2009, and the plant generated a total of 4,252 MWh.

FINANCE AND ADMINISTRATION

Randy Shilling presented an expenditure to budget comparison report for the period ending April 30, 2009.

It was moved by Director Nonini, seconded by Director Howe and unanimously carried, bills in the amount of \$1,416,655.81 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

RESOLUTION 09-03

David Orth, General Manager, introduced District Bond Counsel, Douglas S. Brown, Stradling Yocca Carlson & Rauth attending via telephone. Mr. Orth presented an overview of Resolution 09-03 noting the District has determined that it would be in the best interests of the the District to authorize the preparation, sale and delivery of revenue certificates of participation in a collective principal amount not to exceed \$4,000,000 to refinance the Commercial Paper issued in 2007 and pay certain other obligations of the District. Mr. Orth further reported that Resolution 09-03 authorizes the preparation, sale and delivery of Revenue Certificates of Participation and certain actions in connection with the Certificates. Mr. Orth also reported the documents have been prepared by District Bond Counsel, Douglas S. Brown and Mr. Brown then offered an overview of details of the security provisions and payment of the debt.

After discussion it was moved by Director Waldner seconded by Vice President Graham and unanimously carried to adopt Resolution 09-03 authorizing the execution and delivery of not to exceed \$4,000,000 Revenue Certificates of Participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

INTERIM ADJOURNMENT

President McKean temporarily adjourned the Board meeting at 2:40 P.M. to convene an Open Session meeting of the Kings River Conservation District Public Financing Corporation meeting.

RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 2:45 P.M. of the Kings River Conservation District Board of Dissectors meeting.

CLOSED SESSION

The Board adjourned to Closed Session at 2:46 P.M. Pursuant to Government Code Section 54956.8, to provide direction to the General Manager or his designee regarding real property owned by the District at Excelsior and 26-1/4 Avenues, and identified as APN 004-010-09, APN 004-030-01.

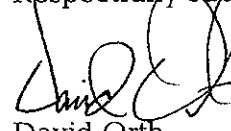
RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 3:10 P.M. and reported no action was taken by the Board.

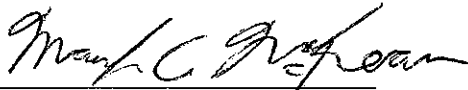
ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 3:11 P.M.

Respectfully submitted,



David Orth
Secretary


Approved

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BEFORE THE BOARD OF DIRECTORS
OF THE KINGS RIVER CONSERVATION DISTRICT
FRESNO, CALIFORNIA

RESOLUTION NO. 09-03

AUTHORIZING THE EXECUTION AND DELIVERY OF
NOT TO EXCEED \$4,000,000 REVENUE CERTIFICATES OF
PARTICIPATION AND APPROVING THE EXECUTION AND
DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION
THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Board of Directors of Kings River Conservation District, a body politic and corporate duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "Board" and the "District," respectively), proposes to refinance certain outstanding obligations and finance certain costs; and

WHEREAS, the Board has determined that it is in the best interest of the District to cause revenue certificates of participation (the "Certificates") to be executed and delivered to refinance such obligations and finance such costs and to approve certain documents in connection therewith; and

WHEREAS, Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that, under certain circumstances, certain obligations the interest on which is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code may be designated by the issuer thereof as "qualified tax exempt obligations," thereby allowing certain financial institutions that are owners of such obligations a deduction for a portion of such institution's interest expense that is allocable to tax-exempt interest, all as determined in accordance with Section 265 and Section 291 of the Code and the District desires to designate the Certificates as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code; and

WHEREAS, the District has found and determined that:

- (1) the Certificates to be delivered by the trustee under the Trust Agreement described herein are not private activity bonds within the meaning of Section 141 of the Code;
- (2) the net proceeds of the Certificates are to be used for local governmental activities of the District;
- (3) neither the District nor any subordinate entities thereof has heretofore issued or caused to be issued any obligations in calendar year 2009 the interest on which is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code; and
- (4) neither the District nor any subordinate entities thereof reasonably anticipates issuing or causing to be issued during the balance of calendar year 2009 any obligations the interest on which is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;

NOW, THEREFORE, the Board does hereby resolve as follows:

Section 1. The Installment Purchase Agreement, in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel ("Special Counsel"), and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 2. The Trust Agreement, in substantially the form attached hereto as Exhibit B and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute and deliver the Trust Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 3. The Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit C and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 4. The Purchase Contract, in substantially the form attached hereto as Exhibit D and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval; provided, however that in no event shall the principal amount of the Certificates exceed \$4,000,000 nor shall the underwriting discount exceed 2% nor shall the interest rate or yield to maturity exceed 7% per annum.

Section 5. The preparation and distribution of the Preliminary Official Statement, substantially in the form attached hereto as Exhibit E, is hereby approved. The General Manager of the District or the designee thereof is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and the President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute, approve and deliver the final Official Statement in substantially the form of the Preliminary Official Statement which, upon execution as authorized below, is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Certificates and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Certificates.

Section 6. The Escrow Agreement (Commercial Paper), in substantially the form attached hereto as Exhibit F and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board or the General Manager of the District or the designee thereof is hereby authorized and directed to execute and deliver the Escrow Agreement (Commercial Paper) with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 7. The Board hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$4,000,000 (except such amount may be increased with the approval of the General Manager of the District to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Certificates) in accordance with the terms and provisions of the Trust Agreement.

Section 8. The President of the Board or the General Manager of the District or the designee thereof and any other proper officer of the District, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Purchase Contract, the final Official Statement, the Escrow Agreement (Commercial Paper) and this Resolution.

Section 9. The General Manager of the District is hereby authorized to select a municipal bond insurer to insure payments of interest with respect to and principal of the Certificates so long as the General Manager of the District determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to the Certificates. Special Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Purchase Contract, the Preliminary Official Statement, the final Official Statement and the Escrow Agreement (Commercial Paper) as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

Section 10. The General Manager of the District is hereby authorized to select a municipal bond insurer to provide a reserve fund surety bond to be deposited into the reserve fund for the Certificates, so long as the General Manager of the District determines that obtaining the reserve fund surety will be cost effective to the District. The President of the Board or the General Manager of the District or the designee thereof are hereby authorized to execute and deliver any customary agreement with the municipal bond insurer providing the reserve fund surety bond. Special Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Purchase Contract, the Preliminary Official Statement, the final Official Statement and the Escrow Agreement (Commercial Paper) as are necessary to reflect the reserve fund surety bond and the reasonable comments of the municipal bond insurer in connection therewith.

Section 11. Union Bank, N.A. is hereby appointed to act as trustee under the Trust Agreement.

Section 12. The Certificates to be delivered by the trustee under the Trust Agreement are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and the Certificates may contain a legend thereon to that effect.

Section 13. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement unless the context otherwise clearly requires.

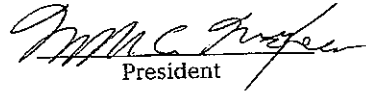
Section 14. This Resolution shall take effect immediately.


THE FOREGOING RESOLUTION was passed and adopted by the Board of Directors at the Regular Meeting of the Board of Directors of the Kings River Conservation District on this 12th day of May 2009, by the following vote:

AYES: President McKean, Vice President Graham, Directors Howe, Nonini, Waldner, and Yoshimoto

NOES: None

ABSENT: Director Cehrs


President

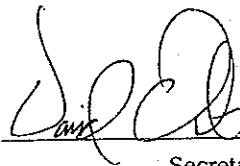
ATTEST: 

Secretary

SECRETARY'S CERTIFICATE

I, David L. Orth, Secretary of Kings River Conservation District, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a Regular Meeting of the Board of Directors of said District duly and regularly held at the regular meeting place thereof on the 12th day of May 2009, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

WITNESS my hand and the seal of Kings River Conservation District this 12th day of May 2009.

A handwritten signature in cursive script, appearing to read "D. Orth", is written over a horizontal line.

Secretary

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented May 12, 2009
 (For Expenditures in the Month Ending April 30, 2009)

Employee Payroll	04/01/09	77,232.77	
Employee Payroll	04/07/09	5,521.50	
Director's Payroll	04/14/09	4,837.49	
Employee Payroll	04/15/09	77,604.99	
Employee Payroll	04/29/09	80,819.79	
			246,016.54
Accounts Payable (KRCD)		1,101,712.25	1,101,712.25
	Sub-Total		1,347,728.79
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	04/03/09		456.89
Employee Tax Deposits	04/08/09		30,876.84
Employee Tax Deposits	04/10/09		4,167.00
Director's Tax Deposits	04/17/09		2,130.72
Employee Tax Deposits	04/22/09		31,295.57
	TOTAL		<u>1,416,655.81</u>

