

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held June 9, 2009.

President McKean called the meeting to order at 1:35 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
 Brent L. Graham, Vice President
 David Cehrs, PhD
 Ceil Howe Jr.
 Gildo Nonini
 Norman B. Waldner

DIRECTORS ABSENT

Mike Yoshimoto

OTHERS PRESENT

KRCD Staff & Consultants:

Margaret Clayton
 David Cone
 Steve Haugen, KRWA
 Randy McFarland
 John Moore
 David Orth
 Donna Pepper
 Steve Stadler
 Brian Trevarrow
 Cristel Tufenkjian
 Stacy Wright

Others:

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

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 May 12, 2009 Regular Board meeting be approved, as presented.

WATER CONDITIONS

Steve Haugen, KRWA, summarized a report on water conditions stating storage in the Pine Flat Reservoir (Reservoir) as of 2400 hours on June 8, 2009 was 874,324 acre-feet with vacant space of 319,676 acre-feet. On that date, the calculated natural inflow to the Reservoir was 3,347 C.F.S.

DIRECTORS' REPORTS

President McKean, Directors Cehrs and Waldner reported on their attendance at the Association of California Water Agencies (ACWA) Spring Conference held in Sacramento, California on May 18-22, 2009. Meetings attended included, ACWA/JPIA Board of Directors, Region 6, and Conduct and Ethics Training for Water Agency Officials.

President McKean also referenced the letter included on the Agenda as Item #6d. The letter was written by David E. Rubin, Pacific Gas & Electric (PG&E), and sent to Mayor Harry Armstrong of Clovis regarding joint and several liability of the Community Choice Aggregation program and the questions Mayor Armstrong asked at the May 11, 2009 Clovis City Council meeting. President McKean reported the letter contained half truths and was not appropriate and felt a response was necessary.

GENERAL MANAGER'S REPORT

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

Organization: Mr. Orth reported Standard & Poor's Ratings Services have assigned to the KRCD Series 2009A long term rating of 'AA-' with a stable outlook.

Community Choice Aggregation (CCA): Mr. Orth presented an overview of the June 2nd San Joaquin Valley Power Authority (Authority) and KRCD ad hoc committee meeting which discussed the status of negotiations with potential energy suppliers to serve Phase 1 Community Choice customers. Mr. Orth reported on the June 4th Authority Board meeting where Chairman, Ron Manfredi, requested firm direction and guidelines from the Board at the upcoming June 25th Authority meeting in relation to the CCA program implementation timeline.

Mr. Orth reported the Authority Board discussed the May 29th letter from PG&E to City of Clovis Mayor, Harry Armstrong, which suggests the reimbursement of development and startup cost incurred by KRCD are the obligation of the Authority members. Mr. Orth further reported a number of the Authority members are frustrated with the need to continue addressing this issue, PG&E's approach. The KRCD Board and the Authority Board have stated publicly with concurrence of legal counsel what the language does in fact provide and yet PG&E persistently describes it differently than what is expressed. The Authority Board asked legal counsel and General Manager Orth to draft a letter to be signed by both the Authority and KRCD and sent to Mr. Armstrong with a copy to Mr. Rubin.

Mr. Orth reported on the California Energy Commission (CEC) Public Interest Energy Research (PIER) Program grant opportunity that is due to be submitted June 12th and seeks to receive a CEC grant award for renewable energy evaluations for Authority member facilities Clovis Unified School District and Kings Canyon Unified School District. Details on the proposed program budget are being developed and the overall proposal is expected to be approximately \$1.2 million over a period of 2 years.

Mr. Orth reported on a proposed initiative of Constitutional Amendment entitled the Taxpayers Right to Vote Act submitted to the office of the California Attorney General in May 2009. Mr. Orth further reported the Initiative is to guarantee ratepayers and taxpayers the right to vote any time a local government seeks to use public funds or other financing to start or expand electric delivery service, or implement a plan to become an aggregate electricity provider and would also require a two-thirds voter approval. Mr. Orth noted this is of significant concern to those parties, including KRCD, who are looking at Community Choice Aggregation as an opportunity for local government to become California's energy solution.

Irrigated Lands Regulatory Program (Ag Waiver): Mr. Orth reported the Southern San Joaquin Valley Water Quality Coalition (Coalition) filed an amended Monitoring and Reporting Plan with the Regional Board on May 8th in response to the Notice of Violation. Mr. Orth further reported representatives from each of the Coalition sub-watersheds met with Regional Board staff prior to May 8th to review the proposed amendments, which appear to address outstanding issues and concerns.

LEGISLATION

Mr. Orth reported on the following state and federal legislative issues:

SB 460 (Wolk) Water Conservation: Mr. Orth reported SB 460, a bill also sponsored by ACWA, would require urban water suppliers and agricultural water suppliers to include additional information in their respective reports. Mr. Orth reported SB 460 is on suspense in the Senate Committee on Appropriations.

AB 49 (Feuer) Water Conservation: AB 49 would require the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Mr. Orth noted the bill has passed out of the Assembly and ACWA is attempting to amend to incorporate policies and principles developed and supported by ACWA members, including KRCD.

SB 261 (Dutton / Ducheny) Water Use: Mr. Orth reported on SB 261, initiated by the Santa Ana Watershed Protection Authority, for urban water use efficiency and conservation and could possibly be amended to include agriculture conservation, and water use efficiency requirements. The bill has passed the Senate Committee on Natural Resources and Water and is now being held in the Assembly.

PUBLIC INFORMATION

Mr. Orth reported Cristel Tufenkjian, Manager of Community and Public Relations, was not available to provide a verbal report. Mr. Orth reported on the planning of a ceremony to celebrate the ten-year anniversary and renewal of the Fisheries Management Program Framework Agreement and the successful completion of the first ten years. Mr. Orth further reported details regarding the date and time of the ceremony will be released when available.

CORRESPONDENCE, MEETINGS AND CONFERENCES

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

1. May 29, 2009 letter from David E. Rubin, Pacific Gas & Electric Company addressed to City of Clovis Mayor, Harry Armstrong.

STAFF STATUS REPORTS AND PRESENTATIONS

Power Resources: Mr. John Moore, Manager of Power Generation, presented an overview of the activities of the Power Resources division. Mr. Moore also presented a status report on the operations at the Jeff L. Taylor Pine Flat Power Plant reporting generation totaled 27,506.7 MWh during the month of May. Mr. Moore reported the Pine Flat Reservoir began the month at an elevation of 904.95 feet (ft.) and storage of 746,064 acre-feet (AF), and turbine discharge was 98,660 AF for the month. There was no discharge through the turbine bypass system and no spill from the dam. Flow from Mill and Hughes Creeks was 192 AF.

Mr. Moore also reported bids were received for the Unit #3 Penstock Recoating Project and ranged in cost from \$746,931 to \$1,396,825. The project was awarded to Certified Coatings.

Mr. Moore reported a Power Plant outage on June 4th for 7.5 hours due to emergency work required by PG&E on the Balch-McCall transmission line which caused a revenue loss for the District of approximately \$8200.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant for May 2009 had eighteen fired starts and 121.50 fired engine hours for Unit #1, and fifteen fired starts and 107.50 fired engine hours for Unit #2. The plant generated a total of 10,332.024 MWh.

FISCAL YEAR 2009-2010 BUDGET AND STRATEGIC PLAN

David Orth, General Manager, presented an overview of the proposed 2009-10 Strategic Plan, noting the projects and activities highlighted in the Strategic Plan are aligned with the proposed Fiscal Year (FY) 2009-10 Budget requests. Mr. Orth also noted the challenging environment in which the budget was prepared was influenced by the economic conditions and issues affecting California and the nation. Mr. Orth responded to specific questions from the Board regarding the Strategic Plan.

Brian Trevarrow, Controller, presented an overview of the proposed FY 2009-10 Budget, reporting the total budget request is for \$12,702,167 before debt service and noting a \$1,506,567 reduction from the previous year Board approved budget. Mr. Trevarrow highlighted the budget requests for each of the District's funds and responded to specific questions by Board members.

Director Nonini suggested specific action be taken by the Board to rescind compensation to the Board of Directors for the fiscal year 2009-10.

Upon further discussion, it was moved by Vice-President Graham, seconded by Director Waldner, and unanimously carried to adopt the proposed FY 2009-10 Strategic Plan, and the FY 2009-10 Budget as submitted with the debt service to be restated based on final pricing of 2009 Certificates of Participation, including rescinding Compensation to the Board of Directors for Fiscal Year 2009-10.

ANNUAL REVIEW OF DISTRICT'S STATEMENT OF INVESTMENT POLICY

David Orth reported that Government Code Section 63646(a) requires an annual review of the District's Statement of Investment Policy. Mr. Orth presented the District's Statement of Investment Policy for review and requested the Board approve the Policy as presented.

It was moved by Director Howe, seconded by Director Cehrs and unanimously carried to approve the District's Statement of Investment Policy as presented.

SERVICE ADDENDUM 1

Mr. Orth presented Service Addendum 1 to the Power Services Agreement (PSA) with the Authority. Mr. Orth further reported the Authority has approved a revised implementation strategy, and Service Addendum 1 of the Power Services Agreement provides guidance to KRCD for implementation of those changes. Mr. Orth reported that the Authority had approved Service Addendum 1 at its April 23, 2009 meeting.

It was moved by Director Waldner, seconded by Director Cehrs and unanimously carried to authorize and direct the General Manager to execute and deliver the Service Addendum 1 of the Power Services Agreement between KRCD and the San Joaquin Valley Power Authority.

RESOLUTION 09-04 RECORDS RETENTION POLICY

David Orth reported a consistently applied record retention and destruction policy is important to maximize staff efficiency and to minimize storage costs and ensure that records retention practices meet legal requirements. Mr. Orth further reported staff has developed a Records Retention Policy using various resources including guidelines made available by the California Secretary of State and the policies of other similar agencies, and has been reviewed by the District's Legal Counsel.

After some discussion, and one modification to perpetually retain water quality test data, it was moved by Director Nonini, seconded by Director Waldner and unanimously carried, to adopt Resolution 09-04 Records Retention Policy.

FINANCE AND ADMINISTRATION

Brian Trevarrow, Controller, presented an expenditure to budget comparison report for the period ending May 31, 2009.

It was moved by Director Howe, seconded by Director Cehrs and unanimously carried, bills in the amount of \$1,390,022.13 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

CLOSED SESSION

The Board adjourned to Closed Session at 2:35 P.M. Pursuant to Section 54957.6 of the Brown Act the Board to meet with designated labor negotiators to consider the Memorandums of Understanding (MOU) with Stationary Engineers Local 39 for the Hydro Unit. The Board also received an update on negotiations with Stationary Engineers Local 39 for the Flood Maintenance Unit employees.

RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 3:55 P.M. and reported the Board took action to consider and approve conditions, subject to legal counsel review, of the Memorandum of Understanding (MOU) with Stationary Engineers Local 39 for the Hydro Unit. The Board also directed the designated labor negotiators, to continue negotiations of the MOU with Stationary Engineers Local 39 for the Flood Maintenance Unit employees.

It was moved by Director Howe, seconded by Director Waldner, and unanimously carried to authorize the General Manager and Board President to sign the Memorandums of Understanding with Stationary Engineers Local 39 for the Hydro Unit.

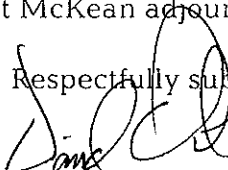
ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 3:57 P.M.




Approved

Respectfully submitted,



David Orth
Secretary

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

RESOLUTION NO. 09-04

APPROVAL OF RECORDS RETENTION POLICY
AND AUTHORIZATION TO IMPLEMENT

WHEREAS, the Board of Directors of Kings River Conservation District, a Special District duly organized and existing under and by virtue of the laws of the State of California (the "Board" and the "District," respectively); and

WHEREAS, the provisions of California Government Code sections 60200 through 60203 and the guidelines prepared by the State Controller's office and the Controller's Advisory Committee of Special District's govern the retention and disposal of records of the District; and

WHEREAS, the purpose of this Resolution is to provide guidelines to staff regarding the retention or disposal of District records; provide for the identification, maintenance, safeguarding and disposal of records in the normal course of business; to ensure prompt and accurate retrieval of records; and to ensure compliance with legal and regulatory requirements.

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

1. This Resolution provides criteria and procedures for the retention and destruction of records in accordance with Government Code sections 60200-60204. The provisions of this Resolution are intended to implement said provision of the Government Code. Nothing herein contained shall be deemed to abridge or amend said provision.
2. The Board of Directors of the Kings River Conservation District does hereby adopt the proposed records retention policy and directs the General Manager to implement the policy.
3. The General Manager, his designee, or District Counsel is authorized by the Board of Directors to interpret and implement this policy and to cause to be destroyed any or all such records, papers and documents that meet the qualifications governing the retention and disposal of records.

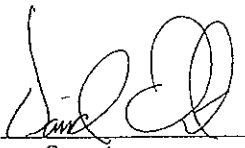
THE FOREGOING RESOLUTION was passed and adopted by the Board of Directors at the Regular Meeting of the Board of Directors of the Kings River Conservation District on this 9th day of June 2009, by the following vote:

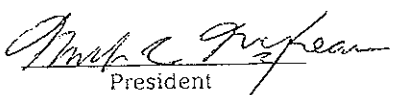
AYES: President McKean, Vice President Graham, Directors Cehrs, Howe, Nonini, and Waldner.

NOES: None

ABSENT: Director Yoshimoto

ATTEST:


Secretary


President

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented June 9, 2009
 (For Expenditures in the Month Ending May 31, 2009)

Employee Payroll	05/07/09	5,521.50	
Director's Payroll	05/12/09	4,828.63	
Employee Payroll	05/13/09	75,716.88	
Employee Payroll	05/27/09	75,078.39	
			161,145.40
Accounts Payable (KRCD)		1,159,229.34	1,159,229.34
	Sub-Total		1,320,374.74
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	05/06/09		32,821.86
Employee Tax Deposits	05/11/09		4,167.00
Director's Tax Deposits	05/15/09		2,140.68
Employee Tax Deposits	05/20/09		30,517.85
	TOTAL		<u>1,390,022.13</u>