

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held October 13, 2009.

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

DIRECTORS PRESENT

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

DIRECTORS ABSENT

None

OTHERS PRESENT

KRCD Staff & Consultants:
Steve Haugen, KRWA
John Moore
David Orth
Donna Pepper
Randy Shilling
Steve Stadler
Brian Trevarrow
Cristel Tufenkjian

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 Cehrs, seconded by Director Yoshimoto and unanimously carried that the Minutes of the September 8, 2009 Regular Board meeting, and the September 29, 2009 Special 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 October 12, 2009 was 201,186 acre-feet with vacant space of 798,814 acre-feet. On that date, the calculated natural inflow to the Reservoir was 113 C.F.S.

DIRECTORS' REPORTS

Director Cehrs reported his attendance at the showing of the film "The American Southwest: Are We Running Dry?" held at California State University, Fresno. Director Cehrs further reported Dr. David Zetland, UC Berkeley, spoke on the issue from an environmental, political and economical stance.

GENERAL MANAGER'S REPORT

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

Proposition 50: Mr. Orth reported the District signed a contract with the State Water Resources Control Board (SWRCB) for Proposition 50 grant funds intended for two projects, one involving a groundwater project for Alta Irrigation District and the second involving Fresno Irrigation District (FID) and Kings County Water District – expansion of the Apex Groundwater project. Mr. Orth further reported due to local opposition in Kings County, the FID Board has determined it will not proceed with the Apex project. This decision places the entirety of the Proposition 50 grant at risk, as the SWRCB awarded funds based on the combined value of the two projects. Mr. Orth also reported recent discussions with FID have produced an alternative project and they expect to submit a proposal to the SWRCB by the end of the month.

Southern San Joaquin Valley Water Quality Coalition: Mr. Orth reported the Southern San Joaquin Valley Water Quality Coalition (Coalition) Steering Committee met on September 2nd. The meeting included a presentation by State Water Resources Control Board (SWRCB) staff on the elements of management plans required under certain circumstances. Mr. Orth further reported the Kaweah, Tule and Kern sub-watersheds are all attempting to develop acceptable management plans in response to specific monitoring results. Mr. Orth also reported efforts continue to complete the Coalition's proposed Monitoring and Reporting Program.

Upper Kings Basin IRWM Authority: Mr. Orth reported the Upper Kings Basin Integrated Regional Water Management Authority held an initial meeting of the new joint powers authority on September 10, 2009. Officers were elected, a Conflict of Interest Code adopted, and the 2009-10 budget approved.

Federal Emergency Management Agency (FEMA) Flood Mapping: Mr. Orth reported District staff is researching the history of the recent FEMA flood mapping process in order to respond to various inquiries/complaints from landowners regarding expanded scope and new flood insurance requirements. Staff is also monitoring Department of Water Resources (DWR) activities on the Kings River linked to the Central Valley Flood Plan preparation under Senate Bill 5. Mr. Orth further reported the Tulare Basin is specifically exempt from the Plan scope, however, DWR is evaluating Kings River contributions to the San Joaquin Basin and the data prepared by DWR may be of use to the District in flood maintenance activities and to address FEMA flood mapping issues.

LEGISLATION

Mr. Orth reported the Kings River Legislative Committee (Committee) mailed a letter conveying concerns to the California Legislature regarding specific elements in the Delta Legislative Package:

SB 12 (Simitian) Resources: Sacramento-San Joaquin Delta Council: Mr. Orth reported the Delta Solutions Package failed to move by the September 11th deadline. Comment letters from KRCD/KRWA were sent in September to legislative members opposing elements of the package. Mr. Orth further reported the Committee continues to monitor discussion among the Governor's office and legislative leadership regarding the special session on water, scheduled for mid-October. The District sent a letter to the Governor identifying our key issues/concerns and supporting a comprehensive solution.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager of Community and Public Relations, distributed the new Kings River Handbook. Ms. Tufenkjian noted the changes and updates to the publication and offered to supply the Board with copies for the other organizations they may be members of.

CORRESPONDENCE, MEETINGS AND CONFERENCES

There were no correspondences, meetings, or conferences to report.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control presented an overview of the Agricultural Water Enhancement Program (AWEP). Mr. Cone reported thirty-two (32) growers in Fresno County, six (6) growers in Kings County, and four (4) growers in Tulare County were awarded the first round cost share funds. Mr. Cone further reported staff will be working with the growers to provide pre- and post-project irrigation evaluations, providing completion reports, and promoting the program.

Power Resources: Mr. John Moore, Manager of Power Generation, presented a status report on the operations at the Jeff L. Taylor Pine Flat Power Plant reporting the Pine Flat Reservoir began the month of September at an elevation of 764.08 ft and storage was 211,627 AF. As of October 1, 2009 the reservoir elevation was 759.43 ft. There was no discharge from the Turbine Bypass for the month and no recordable flow from Mill and Hughes Creeks. Mr. Moore also reported Mr. Russ Lund, Ph.D., P.E. with Moller & Associates visited the plant on September 28, 2009 to inspect the condition of the turbine runner on Unit #3. Mr. Lund's preliminary observations were that little had changed in the runner condition since his last inspection three years ago. Mr. Moore noted a report from Mr. Lund is expected by the end of October.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant for September 2009 had thirty (30) fired starts and 355.4 fired engine hours for Unit #1, and twenty-eight (28) fired starts and 386.5 fired engine hours for Unit #2. The plant generated a total of 33,175 MWh for the month.

RESOLUTION 09-09 PROPOSITION 1A

Randy Shilling, Deputy General Manager of Finance and Administrative Services, presented an overview this item. He explained that on July 28, 2009, Governor Arnold Schwarzenegger signed the 2009-2010 California State Budget (the "Budget"), pursuant to which cities, counties, and special districts ("local governments") will be required to lend property tax revenues to the State, with the promise of repayment in three years.

Mr. Shilling reported as part of the State Budget package, local governments have the opportunity to receive the monies being borrowed by the State up front through a securitization financing offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. Mr. Shilling further reported California Communities will issue bonds securitizing the future payments by the State and remit the proceeds of the bonds to the local governments who opt to participate in the securitization. The State will then repay the bondholders, to pay off the outstanding bonds including interest costs. Mr. Shilling also reported if the Board decides to participate, Resolution 09-09 must be approved and sent to the State before November 6, 2009.

After some discussion it was moved by Director Howe, seconded by Vice President Graham, with Director Cehrs abstaining from the vote, it was unanimously carried to adopt Resolution No. 09-09 approving the form of and authorizing the execution and delivery of a purchase and sale agreement and related documents with respect to the sale of the District's Proposition 1A receivable from the State; and directing and authorizing certain other actions in connection therewith.

RESOLUTION 09-10 FISCAL AGENT FOR THE UKBIRWM AUTHORITY

David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control presented and overview Resolution 09-10 stating the Upper Kings Basin Water Forum and Kings River Conservation District (District) have prepared the Upper Kings Basin Integrated Regional Water Management Plan (Plan) and formed the Upper Kings Basin Integrated Regional Water Management Authority (Authority) to manage the activities under the Plan.

Mr. Cone reported the Authority has developed and approved a Fiscal Agent Agreement and has requested that the District execute the agreement to become the Authority's Fiscal Agent to conduct financial management activities for the Authority. Mr. Cone further reported District Counsel has reviewed the Agreement.

It was moved by Vice President Graham, seconded by Director Cehrs and unanimously carried to adopt Resolution No. 09-10 authorizing and directing the Board President and General Manager to take such actions as are necessary to execute the Fiscal Agent Agreement on the behalf of the District and to authorize KRCD staff to take actions to implement Fiscal Agent duties and responsibilities.

EXTENSION OF THE OFFICE LEASE

Mr. Shilling reported the District's 25-year office lease with the Kings River Water Association (KRWA) dated January 15, 1985 expires on December 31, 2009. Mr. Shilling noted Section 6 of the Lease Agreement provides that as long as the District as the Lessee is not in default of any of the terms and conditions of the lease, then the District shall have options to renew this Lease for five (5) additional terms of five (5) years each.

Mr. Shilling further reported the rent paid by the District each year is our pro-rata share of the operations and maintenance costs for the building which includes utilities, insurance, property taxes, and repairs and maintenance. Mr. Shilling also reported the last three (3) years the rent paid by District has averaged \$0.94 per sq ft compared to a market average closer to \$1.70 per sq ft. Mr. Shilling recommended the General Manager be authorized to send a letter of intent to extend the Lease for one 5-year period.

It was moved by Director Cehrs, seconded by Vice President Graham and unanimously carried to authorize the General Manager to send a letter to KRWA expressing the District's intent to exercise its option to extend the Lease for one 5-year period.

FINANCE AND ADMINISTRATION

Randy Shilling, Deputy General Manager of Finance and Administrative Services, presented an expenditure to budget comparison report for the period ending September 30, 2009.

It was moved by Director Cehrs, seconded by Director Nonini and unanimously carried, bills in the amount of \$1,569,350.36 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

CLOSED SESSION

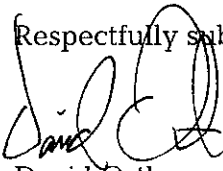
The Board adjourned to Closed Session at 3:40 P.M., pursuant to Government Code Section 54956.8, to provide direction to the General Manager or his designee regarding real property owned by the District at Excelsior and 26-1/4 Avenues, and identified as APN 004-010-09 and APN 004-030-01.

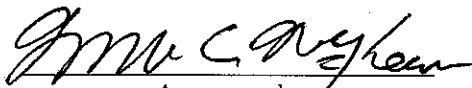
RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 4:10 P.M. and reported the Board took no action in Closed Session.

ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 4:11 P.M.

Respectfully submitted,

David Orth
Secretary


Approved

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RESOLUTION NO. 09-09

**BOARD OF DIRECTORS
OF THE
KINGS RIVER CONSERVATION DISTRICT**

A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Section 25.5 of Article XIII of the California Constitution and Chapter 14XXXX of the California Statutes of 2009 (Assembly Bill No. 15), as amended (the "Act"), certain local agencies within the State of California (the "State") are entitled to receive certain payments to be made by the State on or before June 30, 2013, as reimbursement for reductions in the percentage of the total amount of ad valorem property tax revenues allocated to such local agencies during the State's 2009-10 fiscal year (the "Reimbursement Payments"), which reductions have been authorized pursuant to Sections 100.05 and 100.06 of the California Revenue and Taxation Code;

WHEREAS, the ~~Kings River Conservation District~~, a local agency within the meaning of Section 6585(f) of the California Government Code (the "Seller"), is entitled to and has determined to sell all right, title and interest of the Seller in and to its "Proposition 1A receivable", as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, in order to obtain money to fund public capital improvements or working capital;

WHEREAS, the Seller is authorized to sell or otherwise dispose of its property as the interests of its residents require;

WHEREAS, the California Statewide Communities Development Authority, a joint exercise of powers authority organized and existing under the laws of the State (the "Purchaser"), has been authorized pursuant to Section 6588(x) of the California Government Code to purchase the Proposition 1A Receivable;

WHEREAS, the Purchaser desires to purchase the Proposition 1A Receivable and the Seller desires to sell the Proposition 1A Receivable pursuant to a purchase and sale agreement by and between the Seller and the Purchaser in the form presented to this Board of Directors (the "Sale Agreement") for the purposes set forth herein;

WHEREAS, in order to finance the purchase price of the Proposition 1A Receivable from the Seller and the purchase price of other Proposition 1A Receivables from other local agencies, the Purchaser will issue its bonds (the "Bonds") pursuant to Section 6590 of the California Government Code and an Indenture (the "Indenture"), by and between the Purchaser and Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Bonds will be payable solely

from the proceeds of the Seller's Proposition 1A Receivable and other Proposition 1A Receivables sold to the Purchaser by local agencies in connection with the issuance of the Bonds;

WHEREAS, the Seller acknowledges that (i) any transfer of its Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement shall be treated as an absolute sale and transfer of the property so transferred and not as a pledge or grant of a security interest by Kings River Conservation District to secure a borrowing, (ii) any such sale of its Proposition 1A Receivable to the Purchaser shall automatically be perfected without the need for physical delivery, recordation, filing or further act, (iii) the provisions of Division 9 (commencing with Section 9101) of the California Commercial Code and Sections 954.5 to 955.1 of the California Civil Code, inclusive, shall not apply to the sale of its Proposition 1A Receivable, and (iv) after such transfer, the Seller shall have no right, title, or interest in or to the Proposition 1A Receivable sold to the Purchaser and the Proposition 1A Receivable will thereafter be owned, received, held and disbursed only by the Purchaser or a trustee or agent appointed by the Purchaser;

WHEREAS, the Seller acknowledges that the Purchaser will grant a security interest in the Proposition 1A Receivable to the Trustee and any credit enhancer to secure payment of the Bonds;

WHEREAS, a portion of the proceeds of the Bonds will be used by the Purchaser to, among other things, pay the purchase price of the Proposition 1A Receivable;

WHEREAS, the Seller will use the proceeds received from the sale of the Proposition 1A Receivable for any lawful purpose as permitted under the applicable laws of the State;

NOW THEREFORE, the Board of Directors of the Kings River Conservation District hereby resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and this Board of Directors hereby so finds and determines.

Section 2. The Seller hereby authorizes the sale of the Proposition 1A Receivable to the Purchaser for a price equal to the amount certified as the Initial Amount (as defined in the Sale Agreement) by the County auditor pursuant to the Act. The form of Sale Agreement presented to the Board of Directors is hereby approved. An Authorized Officer (as set forth in Appendix A of this Resolution, attached hereto and by this reference incorporated herein) is hereby authorized and directed to execute and deliver the Sale Agreement on behalf of the Seller, which shall be in the form presented at this meeting.

Section 3. Any Authorized Officer is hereby authorized and directed to send, or to cause to be sent, an irrevocable written instruction to the State Controller (the "Irrevocable Written Instruction") notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement pursuant to Section 6588.6(c) of California Government Code of the Proposition 1A Receivable to the Trustee, on behalf of the Purchaser, which Irrevocable Written Instruction shall be in the form presented at this meeting.

Section 4. The Authorized Officers and such other Seller officers, as appropriate, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including but not limited to, if required, appropriate escrow instructions relating to the delivery into escrow of executed documents prior to the closing of the Bonds, and such other documents mentioned in the Sale Agreement or the Indenture, which any of them may deem necessary or desirable in order to implement the Sale Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the sale of the Proposition 1A Receivable or the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, may be given or taken by an Authorized Officer without further authorization by this Board of Directors, and each Authorized Officer is hereby authorized and directed to give any such consent, approval, notice, order or request, to execute any necessary or appropriate documents or amendments, and to take any such action that such Authorized Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 6. The Board of Directors acknowledges that, upon execution and delivery of the Sale Agreement, the Seller is contractually obligated to sell the Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement and the Seller shall not have any option to revoke its approval of the Sale Agreement or to determine not to perform its obligations thereunder.

Section 7. This Resolution shall take effect from and after its adoption and approval.


PASSED AND ADOPTED by the Board of Directors of the Kings River Conservation District, State of California, this 13th day of October, 2009, by the following vote:

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

NOES: None

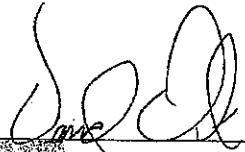
ABSENT: None

Abstain: Director Cehrs



President

Attest:



Secretary

Approved as to form :

SELLER'S COUNSEL

Edward J. Tiedemann

By 

Dated: 10/26/09

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

RESOLUTION NO. 09-10

**AUTHORIZATION TO ACT AS FISCAL AGENT
FOR THE UPPER KINGS BASIN INTEGRATED
REGIONAL WATER MANAGEMENT AUTHORITY**

WHEREAS, the Kings River Conservation District (District) is vitally interested in the management of water supplies available or delivered within its boundaries and has been actively involved in the preparation of the Upper Kings Basin Integrated Regional Water Management Plan (Plan); and

WHEREAS, the Upper Kings Basin Integrated Regional Water Management Authority (Authority) has been formed to manage the activities under the Plan and the District is a member of the Authority; and

WHEREAS, the Authority has prepared and approved a Fiscal Agent Agreement (Agreement); and

WHEREAS, the Authority has requested the District to sign the Agreement and become the Fiscal Agent for the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Kings River Conservation District:

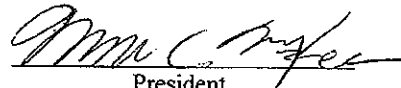
1. That the foregoing recitals are true and correct;
2. That the District has determined that it wishes to become the Fiscal Agent for the Authority;
3. That the Board President and General Manager of the District are hereby authorized and directed to execute and deliver the Fiscal Agent Agreement on behalf of the District;
4. That District staff is authorized and directed to take such further actions as they deem necessary or appropriate to implement the Fiscal Agent Agreement.

THE FOREGOING RESOLUTION was passed and adopted at a Regular Meeting of the Board of Directors of the Kings River Conservation District on this 13th day of October, 2009, by the following vote:

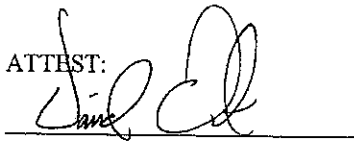
AYES: President McKean, Vice President Graham, Directors Howe, Nonini, Cehrs, Waldner, and Yoshimoto

NOES: None

ABSENT: None


President

ATTEST:


Secretary

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented October 13, 2009
 (For Expenditures in the Month Ending September 30, 2009)

Employee Payroll	09/02/09	71,889.07	
Employee Payroll	09/11/09	91.25	
Employee Payroll	09/16/09	74,437.13	
Employee Payroll	09/18/09	992.15	
Employee Payroll	09/30/09	75,496.26	
			222,905.86
Accounts Payable (KRCD)		1,288,491.74	1,288,491.74
	Sub-Total		1,511,397.60
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	09/02/09		550.98
Employee Tax Deposits	09/09/09		28,211.03
Employee Tax Deposits	09/16/09		16.40
Employee Tax Deposits	09/23/09		29,174.35
	TOTAL		<u>1,569,350.36</u>