

Minutes of the Special Meeting of the Board of Directors of the Kings River Conservation District held December 15, 2009.

Vice President Graham called the meeting to order at 9:35 A.M.

**DIRECTORS PRESENT**

Brent L. Graham, Vice President  
David Cehrs, PhD  
Norman B. Waldner  
Mike Yoshimoto

**DIRECTORS ABSENT**

Mark McKean, President  
Cell Howe, Jr.  
Gildo Nonini

**OTHERS PRESENT**

KRCD Staff & Consultants:  
David Orth  
Randy Shilling, via telephone  
David G. Houston, Citigroup Global Markets Inc. via telephone  
Douglas S. Brown Esq., Stradling Yocca Carlson & Rauth via telephone

**ADDITIONS TO OR DELETIONS FROM THE AGENDA**

There were no additions to or deletions from the Agenda.

**PUBLIC PRESENTATIONS**

None

**RESOLUTION 09-12**

David Orth, General Manager reported the District previously issued \$70,000,000 aggregate principal amount of Pine Flat Power Revenue Bonds, Series A and Series B (the "Original Bonds") to finance the construction of the Pine Flat Power Plant, on the Kings River which is owned and operated by the District. Mr. Orth continued reporting the District subsequently paid or refunded all of the Original Bonds with proceeds of various series of refunding bonds. As of January 5, 2010, there will be \$38,480,000 aggregate principal amount of Pine Flat Power Revenue Refunding Bonds, Series E and \$1,175,000 aggregate principal amount of Pine Flat Power Revenue Refunding Bonds, Series F outstanding.

David G. Houston, Citigroup Global Markets Inc. explained the structure of the refinancing. He said the Series G Bonds are being issued to refund the outstanding Series E Bonds and that the remaining Series F Bonds would be defeased using moneys from the Debt Service Reserve Fund on or about the date of refunding of the outstanding Series E Bonds. Mr. Houston explained that the interest rates on the currently outstanding Series E bonds range from 4.5% to 5.125% and that the target interest rate for the new bonds is 3%. He said the costs of issuance will be included in the financing and that the

Department of Water Resources can expect a reduction to their annual debt service payments of approximately \$390,000 per year if the target interest rate is achieved.

Bond Counsel Douglas Brown of Stradling Yocca Carlson & Rauth explained Resolution 09-12 is the sixth supplemental resolution authorizing the issuance of the District's Pine Flat Power Plant Refunding Bonds, Series G. Pursuant to a power sale contract, dated November 6, 1979, the Department of Water Resources of the State of California has agreed to make payments to the District sufficient to pay interest and principal as the same become due on the Bonds, including the Series G Bonds. Mr. Brown further explained that the resolution authorizes the issuance of the Refunding Bonds, Series G, and approves the form of the documents including the Purchase Contract, the Official Statement, the Continuing Disclosure Certificate and other related documents. The resolution also authorizes the General Manager or his designee to execute and deliver the documents and authorizes the General Manager to set the principal and interest schedule, so long as the principal amount does not exceed \$40,000,000, the underwriting discount does not exceed one percent (1%) and the true interest cost does not exceed four percent (4%) per annum.

It was moved by Director Cehrs, seconded by Director Waldner and unanimously carried, to adopt Resolution 09-12.

#### **CLOSED SESSION**

The Board adjourned to Closed Session at 10:00 A.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.

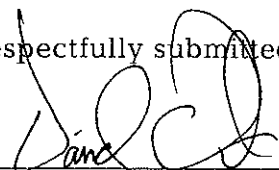
#### **RECONVENE TO OPEN SESSION**

Vice President Graham reconvened to Open Session at 10:14 P.M. and reported the Board took no action in Closed Session.

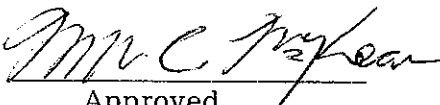
#### **ADJOURNMENT**

There being no further business, Vice President Graham adjourned the meeting at 10:15 A.M.

Respectfully submitted,



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David Orth, Secretary



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Approved