

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held January 12, 2010.

President McKean called the meeting to order at 1:37 P.M.

DIRECTORS PRESENT

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

DIRECTORS ABSENT

Brent L. Graham, Vice President

OTHERS PRESENT

KRCD Staff & Consultants:

David Cone
Steve Haugen, KRWA
John Moore
David Orth
Donna Pepper
Randy Shilling
Steve Stadler
Brian Trevarrow
Cristel Tufenkjian
Todd Flanagan, North American Weather Consultants

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 Nonini, seconded by Director Waldner and unanimously carried that the Minutes of the December 8, 2009 Regular Board meeting and the December 15, 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 January 11, 2010 was 361,617 acre-feet with vacant space of 638,383 acre-feet. On that date, the calculated natural inflow to the Reservoir was 594 C.F.S.

Mr. Haugen reported on the eight (8) Kings River snow sensors currently operational, with readings as of January 11, 2010 as follows:

SENSOR	ELEV	WATER CONTENT (INCHES)	APRIL 1 AVERAGE (INCHES)	PERCENT APRIL 1 AVERAGE
Big Meadows	7600	9.1	25.9	35.1%
West Woodchuck	8800	7.1	32.8	21.6%
Upper Burnt	9700	11.1	34.6	32.1%
Mitchell Meadow	9900	5.7	32.9	17.3%
State Lakes	10300	6.2	29.0	21.4%
Black Cap Basin	10300	15.0	34.3	43.7%
Charlotte Lakes	10400	8.5	27.5	30.9%
Bishop Pass	11200	14.0	34.0	41.2%
Snow Sensor Average		9.6	31.0	30.9%

DIRECTORS' REPORTS

Director Cehrs distributed an article from the Science magazine entitled "Sustainable Floodplains Through Large-Scale Reconnection to Rivers" and also presented photo slides of the snow level in the Big Meadow area. Director Cehrs reported his attendance at the Upper Kings Basin Water IRWM Authority meeting on January 16, 2010.

GENERAL MANAGER'S REPORT

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

Power Resources: Mr. Orth presented an overview of performance and maintenance issues at the KRCD Malaga Peaking Plant. Mr. Orth noted that due to the extent of repairs required on Units #1 and #2, the contractor, Trans-Canada Turbines (TCT), has recommended the "hot-section" of the LM-6000 turbines be transported to the TCT repair depot in Alberta Canada. The Department of Water Resources (DWR) is reviewing the recommendation and will notify the District of a decision for repairs and possible resolutions to any generation availability issues.

Community Choice: Mr. Orth reported the San Joaquin Valley Power Authority (Authority) meeting is scheduled for January 28, 2010 with action items on the agenda to include establishing dates of withdrawal for the cities of Selma and Lemoore. Mr. Orth further reported the nine remaining members have not indicated a concern or desire to withdraw from the Authority.

Mr. Orth summarized an initiative of Constitutional Amendment entitled the "Taxpayers Right to Vote Act" proposed and funded by Pacific Gas & Electric Company (PG&E) and qualified for the June 2010 ballot. Mr. Orth further reported the Attorney General renamed the initiative the "New Two-Third Vote Requirement for Public Electricity Providers". The initiative, if passed, 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 who are looking at Community Choice Aggregation as an opportunity for local government to become part of California's energy solution.

Proposition 50 Grant Projects: Mr. Orth reported staff continues to work with the State Water Resources Control Board (SWRQB) to amend the grant agreement to replace one of the original projects with two substitute projects. The District has received an acceptance letter from SWRCB staff with direction to proceed with a formal amendment of the grant agreement. Mr. Orth noted the replacement projects are an expansion of groundwater recharge projects with Fresno Irrigation District (FID) and one phase of the City of Fresno's water meter installation project. The Alta Irrigation District project continues to move forward with construction expected to begin in early 2010.

LEGISLATION

Mr. Orth directed the Board to a Media Advisory pertaining to a briefing hosted by Congressmen Jim Costa and Dennis Cardoza to discuss the status of water allocations, as well as operations and actions that can be taken to address the on-going water supply crisis. The briefing will be held January 14, 2010 at the Los Banos Fairgrounds.

Mr. Orth reported a meeting is scheduled with DWR Director, Mark Cowin, to discuss implementation of the water conservation, water use efficiency, and agricultural water management planning component SB X7-7 of the Comprehensive Water Package.

Mr. Orth also reported on the DWR Central Valley Flood Management Planning Program (FloodSafe) that was authorized by 2007 Flood Legislation, excluded lands lying in the Tulare Lake Basin, including the Kings River. Mr. Orth further reported current DWR mapping and analysis includes area between the San Joaquin River and the Kings River. Expansion of the flood planning area creates risk for flood district fees, liability to the District, restrictions on Land Use planning for affected areas, increased insurance costs to landowners and many other issues. Mr. Orth reported the District is working with Fresno Metropolitan Flood Control District and City of Fresno on many of the issues.

Mr. Orth reported the Kings River Legislative Committee reviewed several legislative issues involving water resources, and groundwater quality including the following: Efforts to create potential legislation to clarify that groundwater banking and groundwater recharge is a permitted use of Kings River surface water supply. Mr. Orth further reported the Committee has determined legislation is necessary to change the current belief within the Water Rights Division of the State Water Resources Control Board that underground storage supplements to existing permits and licenses are required before banking water with the surface supply. Orth reported that draft language is being reviewed with various water agencies in the San Joaquin Valley.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager of Community and Public Relations, distributed a copy of the Upper Kings Basin Integrated Regional Water Management Authority Organizational Structure. The organization chart lists some of the duties of the Directors, Interested Parties, Fiscal/Administrative Agent, committees and work groups. Ms. Tufenkjian also distributed a flyer explaining the 2010 Association of California Water Agencies (ACWA) Centennial Video

Contest for local high schools and colleges and sponsored by the Kings River Conservation District.

CORRESPONDENCE, MEETINGS AND CONFERENCES

The Board was advised of a letter dated December 16, 2009 from ACWA to David Orth, General Manager regarding recent passage of major water legislation.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control reported all partners in the Weather Modification Program have agreed to extend the contract with North American Weather Consultants to cover the 2010-11 and 2011-12 seasons without any increase in cost from the 2009-10 season rates.

Weather Modification Program: Mr. Todd Flanagan, North American Weather Consultants (NAWC) provided an overview of the operations by NAWC in the month of December. Mr. Flanagan reported four (4) flights totaling 8.44 hours resulting in 5.93 hours of cloud seeding generation were preformed, along with Cloud Nucleation Generation ground-based seeding totaling 213.75 hours in December.

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 (Plant) reporting the Pine Flat Reservoir began the month of December at an elevation of 790.14 feet (ft.) and storage was 284,958 acre-feet (AF). As of January 1, 2010 the reservoir elevation was 807.56 ft. There was no turbine discharge for the month of December and discharge from the Turbine Bypass system for the month was 2,440 AF. The flow from Mill and Hughes Creeks was 651 AF and spill from the dam totaled 4,986 AF. There was no generation from the Plant for December due to seasonal shutdown.

Mr. Moore presented an overview of operations at the Malaga Peaking Plant (Peaking Plant) reporting for December 2009, the Peaking Plant had 16 fired starts and 89.3 fired engine hours for Unit #1, and 14 fired starts and 84.2 fired engine hours for Unit #2 with a generation total of 7,824 MWh for the month of December.

Mr. Moore reported researching electricity invoices from PG&E and the charges referred to as "Reactive Power Charge" for the station service section of the Peaking Plant. Mr. Moore stated he discussed the charges with PG&E which resulted in the "Reactive Power Charge" being eliminated from further billing, and saving approximately \$100,000 per year. Mr. Moore noted this will be a significant savings to DWR over the remaining term of the operations contract with the District.

Pine Flat Refunding: Mr. Randy Shilling Deputy General Manager of Finance and Administrative Services, presented an overview pertaining to refunding of the outstanding revenue bonds for the Pine Flat Power Plant. Mr. Shilling reported the bond pricing conducted on January 7, 2010, resulted in a true interest cost of 2.55%, Underwriting Discount of 7/10 of 1%, and total bond issuance of \$32,860,000. Moody's Investor Services and Standard & Poor's rating agencies assigned high quality ratings to the project of Aa2 and AAA as anticipated. The refunding will reduce annual debt service costs paid by DWR on average from \$500,000 to \$750,000 per year, and possibly \$5 to \$7 million over the remaining 9 year term of the contract with the District. Mr. Shilling reported that the DWR financial representatives were quite pleased with the results of the refunding.

FINANCE AND ADMINISTRATION

Mr. Shilling presented an expenditure to budget comparison report for the period ending December 31, 2009.

It was moved by Director Nonini, seconded by Director Waldner and unanimously carried, bills in the amount of \$2,129,468.64 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

CLOSED SESSION

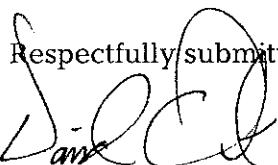
The Board adjourned to Closed Session at 2:54 P.M., pursuant to Government Code Section 54956.8, to provide direction to the General Manager or his designee regarding real property owned by the District at Excelsior and 26-1/4 Avenues, and identified as APN 004-010-09 and APN 004-030-01.

RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 3:10 P.M. and reported the Board authorized the General Manager to execute and deliver the Purchase & Sale Agreement 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.

ADJOURNMENT

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

Respectfully submitted,


David Orth
Secretary


Approved

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented January 12, 2010
 (For Expenditures in the Month Ending December 31, 2009)

Employee Payroll	12/04/09	91.25	
Employee Payroll	12/09/09	77,266.49	
Employee Payroll	12/23/09	78,604.11	
			155,961.85
Accounts Payable (KRCD)		1,882,126.79	1,882,126.79
	Sub-Total		2,038,088.64
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	12/02/09		31,179.69
Employee Tax Deposits	12/09/09		16.40
Employee Tax Deposits	12/16/09		30,650.45
Employee Tax Deposits	12/30/09		29,533.46
	TOTAL		<u>2,129,468.64</u>