

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held July 8, 2008.

President McKean called the meeting to order at 1:30 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
 Brent L. Graham, Vice President
 Ceil W. Howe, Jr.
 Gildo Nonini
 Alvin J. Quist
 Norman B. Waldner
 Masaru Yoshimoto

DIRECTORS ABSENT

NONE

OTHERS PRESENT

KRCD Staff & Consultants:

Rick Bride
 David Cone
 Louie Long
 Randy McFarland
 John Moore
 David Orth
 Donna Pepper
 Jim Richards
 Diane Ruble
 Randy Shilling
 Brian Trevarrow
 Cristel Tufenkjian

Others:

Jeff Adolph, Pacific Gas & Electric Co.
 Lisa Bischel, Madrid-Salazar Marketing & PR
 Andy Sells, ACWA/JPIA

ADDITIONS TO OR DELETIONS FROM THE AGENDA

NONE

PUBLIC PRESENTATIONS

Jeff Adolph, Pacific Gas and Electric Company (PG&E), distributed a letter addressed to the San Joaquin Valley Power Authority regarding changes in generation rates proposed by the Investor Owned Utilities.

MINUTES

It was moved by Director Waldner, seconded by Director Quist and unanimously carried that the Minutes of the June 10, 2008 Regular Board meeting be approved, as presented.

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA)

Andy Sells, Chief Financial and Operations Officer, ACWA/JPIA, presented a report on the current activities of the JPIA. Mr. Sells presented an overview of the Liability, Property, and Workers Compensation programs, as well as an overview of the Rate Stabilization Report.

WATER CONDITIONS

David Orth noted there was no representative available from Kings River Water Association to offer a verbal report; the written report was included in the agenda materials.

DIRECTORS' REPORTS

NONE

GENERAL MANAGER'S REPORT

David Orth directed the Board to the General Manager's monthly status report for the month of June 2008 and highlighted the following:

Community Choice Aggregation (CCA): Mr. Orth reported the San Joaquin Valley Power Authority (SJVPA) met on June 26th and approved the proposed 2008-2009 Budget, and also received regulatory updates on a number of proceedings underway at the California Public Utilities Commission (CPUC).

Mr. Orth also reported on a scheduled meeting with Navigant Consultants, Inc. later in the month to review the proposed rate increases by PG&E and Southern California Edison, documented in the media and in the letter distributed by Jeff Adolph at the beginning of the Board meeting. Discussions include the economic effect of the increase on the Community Choice Aggregation program. The evaluation of these discussions will be reported to the SJVPA and KRCDD policy makers by the end of the month.

Community Power Plant: Mr. Orth reported at the May meeting the Associated Builders and Contractors, Inc. (ABC), distributed a postcard to addresses within the District's service area encouraging residents to contact KRCDD Board members to discourage the signing of a Project Labor Agreement (PLA) for the construction of the Community Power Plant. Mr. Orth also stated ABC was in Washington D.C in June speaking against the District's consideration of a PLA and that he was contacted by staff for Congressman Devin Nunes to discuss such agreements. Mr. Orth stated he explained there has been no decision by the Board to enter into a PLA, described the many successes of a PLA used in the construction of the Malaga Peaking Plant and provided an extensive list of local trades that benefited by the Malaga project.

LEGISLATION

David Orth, General Manager, reported the Kings River Legislative Committee reviewed several legislative issues involving water resources, and groundwater quality. Mr. Orth reported the Legislative Committee and ACWA continue to watch the discussions that focus on water agency property taxes.

Mr. Orth also reported monitoring the California Department of Fish and Game (CDFG) budget which needs to receive funding to cover \$100,000 for their portion of the Fisheries Management Program (FMP). KRCD and KRWA Boards have agreed to extend the framework with CDFG for the FMP for another ten years provided CDFG receives funding.

AB 2175 (Laird/Feuer) Water Conservation: Mr. Orth reported Assembly Member Laird has called for a 20% reduction in per capita water use by 2020, shifting water conservation from a voluntary program and requiring increased water conservation by establishing water savings targets for urban and agricultural water suppliers and users.

Mr. Orth reported that the Kings River Legislative Committee believes California already faces a major challenge in meeting the water supply and water quality needs of a growing population while ensuring the vitality of its environmental resources, and has taken an initial position of opposition on AB 2175 in its current form.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager of Community and Public Relations, provided a status report on activities for June 2008 and presented an overview of the ACWA Huell Howser Town Hall meeting scheduled for October 2, 2008 in Fresno. The series explores California's water resources and the complex system of natural and man-made features that has allowed growing communities, productive farms, industry and ecosystems to co-exist in a state that receives little or no rain for months at a time. Ms. Tufenkjian reported KRCD is a sponsor for the meeting.

CORRESPONDENCE, MEETINGS AND CONFERENCES

There was no correspondence, meetings, or conferences.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control reported the Irrigated Lands Regulatory Program invoices for the Kings River Sub-Watershed fees were completed by June 30th and of the 2,714 invoices sent, 2,376 invoices had been received and processed for a total of \$100,220 for a net loss of 12% of participants. The participation list will be updated and sent to the California Regional Water Quality Control Board by the July 31st deadline.

Mr. Cone also reported the Kings River Water Quality Group met on June 17th for the formation of the Kings River Watershed Coalition Authority (Authority), the general members elected Mark McKean as President, David Orth as Vice President, and David Cone as Secretary/Treasurer. The Authority also selected Kings River Conservation District as its Fiscal and Administrative Agent, approve the 2008 Budget, and establish an Advisory Committee and an Executive Committee.

Mr. Cone further reported Alta Irrigation District's portion of the Proposition 13 Grant for the Coordinated Groundwater Storage Project has been delayed by the PG&E construction schedule and is now 95% complete. The City of Dinuba's portion is being redesigned and project documents are being revised. Extension of the grant is required in order to complete the projects. The City of Dinuba needs to submit revised design drawings, a new construction

schedule, and budget amendment for the Department of Water Resources to approve the extension.

Power Resources: Mr. Jim Richards, Manager of Power Resources presented an overview of Community Power Plant development activity. Mr. Richards reported data supporting the Application for Certification for the Community Power Plant in response to the California Energy Commission (CEC) staff questions is almost complete and it is anticipated later this year a second round of data requests focusing on specific issues. Mr. Richards further reported a schedule for the permitting process is expected that reflects our Emissions Reduction Credit (ERC) acquisition being filed with the CEC hearing officer. Status reports will then be filed by the CEC and our legal counsel.

Mr. Richards stated in response to the western area power outage that occurred in the late 1990's, the Federal Energy Regulatory Commission (FERC) has established reliability standards and requirements for the United States "bulk power system" that are intended to improve the reliability of the system. FERC has delegated the development and implementation of those reliability standards to the North American Reliability Council (NERC). NERC has further delegated the administration of the program to the Western Electricity Coordinating Council (WECC). Mr. Richards noted KRCD as an owner/operator of generators within the WECC area is subject to complying with technical standards and security standards established by WECC, and it is expected by July of 2009 to be compliant in all areas.

Mr. Richards presented an overview of operations at the Jeff L. Taylor Pine Flat Power Plant reporting Units No. 1, 2 and 3 were in service for the entire month, and Plant generation for June 2008 was 87,185.5 MWh and revenue for June 2008 was approximately \$662,609.80 at 7.6 mills/kWh.

Malaga Peaking Plant: Rick Bride, Manager of O&M Contracts, reported Malaga Peaking Plant was dispatched 14 days during the month for net generation of 10,628 MW/hrs. Mr. Bride also reported the results of the Annual Performance Test (APT) were accepted May 6th, 2008 indicating that generation was approximately 800 kilowatts off of target as defined by GE's performance degradation curves. As a result of the test acceptance, the total annual capacity payment will be reduced by approximately \$82,000, and Wood Group Power will share in the loss by incurring damages, payable to KRCD, in the amount of 50% of the total or approximately \$41,000.

RESOLUTION NO. 08-08

President McKean, reported that the next General and District election is November 4, 2008, with four (4) District seats up for election. Those seats are:

| | |
|--------------|---------------------------|
| Division II: | Director Masaru Yoshimoto |
| Division IV: | Director Mark McKean |
| Division VI: | Director Ceil Howe Jr. |
| At-Large: | Director Alvin J. Quist |

President McKean reported further that the Board is required to adopt a Resolution requesting the counties consolidate the elections and, as such, requested the Board adopt Resolution No. 08-08, requesting the consolidation of the regularly scheduled District election

with those regularly scheduled elections to be held November 4, 2008 in Fresno, Tulare and Kings Counties.

It was moved by Director Waldner, seconded by Director Howe and unanimously carried to adopt Resolution No. 08-08 requesting the consolidation of the regularly scheduled District election with those regularly scheduled elections to be held November 4, 2008 in Fresno, Tulare and Kings Counties

ANNUAL REPORT OF REIMBURSEMENTS

Randy Shilling, Deputy General Manager of Finance and Administrative Services, reported Government Code Section 53065 requires each Special District, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100), for each individual charge, for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district.

Mr. Shilling reported further the disclosure requirement must be fulfilled by including the reimbursement information in a document published or printed, at least annually, by a date determined by the District and shall be made available for public inspection. Mr. Shilling presented the Annual Report of Reimbursements pursuant to Government Code Section 53065 and requested the Board receive the report as presented with no action necessary.

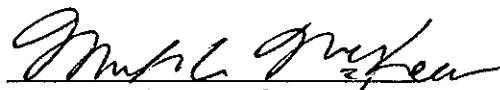
FINANCE AND ADMINISTRATION:

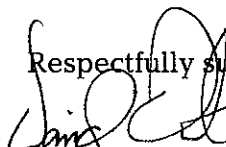
Randy Shilling, presented an expenditure to budget comparison report for the period ending June 30, 2008.

It was moved by Director Quist, seconded by Director Nonini and unanimously carried, bills in the amount of \$2,155,358.14 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 2:40 P.M.


Approved

Respectfully submitted,

David Orth
Secretary

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

RESOLUTION NO. 08-08

WHEREAS, an election will be held within the Kings River Conservation District on November 4, 2008 for the purpose of electing four (4) Board Members; and

WHEREAS, the Kings River Conservation District is a resident voting district; and

WHEREAS, all Board Members are elected at large; and

WHEREAS, whenever two or more elections are called to be held on the same day, in the same territory, in part of the same territory, or with a statewide election, such elections should be consolidated;

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

Section 1. The elective offices to be filled, and the names of the incumbents are:

- Director, Division II, Masaru "Mike" Yoshimoto
- Director, Division IV, Mark C. McKean
- Director, Division VI, Ceil W. Howe, Jr.
- Director, at Large, Alvin J. Quist

Section 2. All candidates will run for full four (4) year terms.

Section 3. The Kings River Conservation District requests the governing body or officer of the County of Fresno, the County of Kings and the County of Tulare, as prescribed by elections code Section 10403, to consolidate the regularly scheduled district election with any other elections to be held on November 4, 2008.

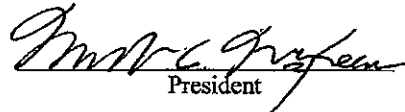
Section 4. The candidate is to pay for the publication of the Candidate's Statement. The limitation on the number of words that a candidate may use in such statement is 200 words.


THE FOREGOING RESOLUTION was passed and adopted by the Board of Directors of the Kings River Conservation District this 8th day of July 2008, by the following vote:

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

NOES: None

ABSENT: None



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 8th day of July, 2008, 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 8th day of July 2008.



Secretary

(Seal)

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented July 31, 2007

| | | | |
|---------------------------------------|-----------|--------------|---------------------|
| Director's Payroll | 07/10/07 | 5,446.16 | |
| Employee Payroll | 07/11/07 | 89,282.67 | |
| Employee Payroll | 07/25/07 | 90,712.38 | |
| Employee Payroll | 07/27/07 | 1,811.93 | |
| | | | 187,253.14 |
| Accounts Payable (KRCD) | | 1,447,604.83 | 1,447,604.83 |
| | Sub-Total | | 1,634,857.97 |
| Ready-Tax Electronic Funds Transfers: | | | |
| Employee Tax Deposits | 07/03/07 | | 36,888.01 |
| Employee Tax Deposits | 07/05/07 | | 103.12 |
| Director's Tax Deposits | 07/13/07 | | 1,250.22 |
| Employee Tax Deposits | 07/18/07 | | 37,431.04 |
| | TOTAL | | <u>1,710,530.36</u> |